ATTACHMENT G

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

SIMPLIFICATION, LLC, Plaintiff, v. BLOCK FINANCIAL CORPORATION and H&R BLOCK DIGITAL TAX SOLUTIONS, INC., Defendants.	Civil Action No. 03-355-JJF Civil Action No. 04-114-JJF CONSOLIDATED

SIMPLIFICATION, LLC'S OPENING *MARKMAN* BRIEF ON THE CONSTRUCTION OF THE CLAIMS OF U.S. PATENT NOS. 6,202,052 & 6,697,787

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I. INTRODUCTION.

Simplification, LLC has brought these consolidated patent infringement suits against Block Financial Corporation ("BFC") and H&R Block Digital Tax Solutions, Inc. (collectively "Block") for infringement of U.S. Patent No. 6,202,052 ("the '052 patent") and U.S. Patent No. 6,697,787 ("the '787 patent"). The '052 patent and its continuation, the '787 patent, generally relate to a method, apparatus, and computer-readable medium for collecting and processing tax data electronically. Simplification contends that Block has marketed and sold computer software products and web-based tax preparation services that infringe the '052 and '787 patents.

As the Court ordered, Simplification and Block have conferred to identify the claim terms requiring construction and to narrow their differences on the proper construction. As a result, the parties have agreed upon the construction of several claim terms and jointly request that the Court construe the agreed-upon terms as set forth below. Simplification and Block, however, still dispute the proper construction of thirteen (13) claim terms from the two patents, including five (5) "means-plus-function" limitations. Simplification urges the Court to adopt its proposed constructions, which comport with the intrinsic and extrinsic evidence, and the governing law.

II. NATURE AND STAGE OF PROCEEDINGS.

On March 8, 2003, Simplification brought suit against H&R Block, Inc., alleging *inter alia* that the TaxCut® tax preparation software infringed the '052 patent. The parties agreed to substitute BFC as the named defendant. On July 11, 2003, BFC requested that the U.S. Patent & Trademark Office ("USPTO") reexamine the validity of the '052 patent, and USPTO granted that request in October 2003. This Court stayed that litigation pending the results of the reexamination, pursuant to the parties' stipulation.

After the '787 patent issued, Simplification filed the second suit against BFC on February 24, 2004 (Civil Action No. 04-114-JJF). Within weeks, BFC filed a second request for

reexamination, which the USPTO granted on June 3, 2004. This Court then stayed the second suit pending the results of the reexamination of the '787 patent.

After more than three years of reexamination, the USPTO's Board of Patent Appeals and Interferences confirmed the validity of the '052 and '787 patent claims on July 31, 2007. The Court thereafter lifted the stays and consolidated the cases.

On February 8, 2008, Simplification filed a Second Amended Complaint joining H&R Block Digital Tax Solutions ("DTS") as a defendant. Block has asserted declaratory judgment counterclaims of non-infringement and invalidity and/or unenforceability. Fact discovery is scheduled to end on May 30, 2008 and a *Markman* hearing is set for June 5, 2008. Expert discovery is set to follow the Court's *Markman* ruling, with dispositive motions due by October 31, 2008. The consolidated cases are scheduled for a jury trial to begin on February 9, 2009.

III. STATEMENT OF FACTS.

A. The '052 Patent.

The '052 patent issued from Application No. 09/073,027 filed on May 7, 1998, and claims priority to Provisional Application No. 60/045,945 filed on May 8, 1997. The '052 patent issued on March 13, 2001 with twenty (20) claims, including four (4) independent claims. *See* Ex. A, '052 patent.

The inventions of the '052 patent address the need to simplify the process by which a taxpayer determines and ultimately reports tax liability while also reducing errors and saving paper. Determining and reporting tax liability has long been paper-based and manually intensive, and before the inventions of the '052 patent it remained so even if the taxpayer used tax preparation software. *Id.* at Col. 2:16-58. Taxpayers had to gather paper copies of their IRS tax forms (*e.g.* Forms W-2, 1099, and 1098) and other tax data, and hand write or type that

information into their own tax returns. The claimed inventions advantageously solve these problems by recognizing that much of the information necessary to compute tax liability is available electronically, *see id.* at Col. 1:16-38, and that tax return preparation and filing are increasingly automated processes capable of being performed by computer software. *Id.* at Cols. 1:39-49, 1:64–2:1. The claimed inventions simplify the tax determination and reporting process by providing a method, apparatus, and computer-readable medium utilizing a system comprising a general purpose computer with software and electronic communications equipment, to collect and process the information needed to prepare a tax return and report to a taxing authority.

Simplification has asserted against Block claims 1-2 and 6-20 of the '052 patent. The four (4) independent claims of the '052 patent read as follows (italicized terms are disputed):

> 1. A method for *automatic tax reporting* by an electronic intermediary comprising:
> *connecting electronically* said electronic intermediary to a tax data provider;
> *collecting electronically* tax data from said tax data provider;
> *processing electronically* said tax data collected electronically from said tax data provider to obtain processed tax data;
> *preparing electronically* an electronic tax return using said processed tax data;
> *connecting electronically* said electronic intermediary to a taxing authority; and
> *filing electronically* said *electronic tax return* with said taxing authority.
>
> 15. An apparatus for *automatic tax reporting* by an electronic intermediary comprising:
> *means for connecting electronically* said electronic intermediary to a tax data provider;
> *means for collecting electronically* tax data from said tax data provider;
> *means for processing electronically* said tax data collected electronically from said tax data provider to obtain processed tax data;
> *means for preparing electronically* an *electronic tax return* using said processed tax data;

means for connecting electronically said electronic intermediary to a taxing authority; and
means for filing electronically said *electronic tax return* with said taxing authority.

19. A computer-readable medium embodying a computer program for *automatic tax reporting* by an electronic intermediary, said computer program comprising code segments for:
connecting electronically said electronic intermediary to a tax data provider;
collecting electronically tax data from said tax data provider;
processing electronically said tax data collected electronically from said tax data provider to obtain processed tax data;
preparing electronically an *electronic tax return* using said processed tax data;
connecting electronically said electronic intermediary with a taxing authority; and
filing electronically said *electronic tax return* to said taxing authority.

20. A method for *automatic tax reporting* by an electronic intermediary comprising:
connecting electronically said electronic intermediary to a tax data provider;
collecting electronically tax data from said tax data provider;
processing electronically said tax data collected electronically from said tax data provider to obtain processed tax data; and
preparing electronically an *electronic tax return* using said processed tax data.

B. The '787 Patent.

The '787 patent issued on February 24, 2004 from Application No. 09/776,707, filed on February 6, 2001 as a continuation of the application leading to the '052 patent. As a continuation, the '787 patent has the same specification and priority date as the '052 patent. As originally issued, the '787 patent has eighteen (18) claims, including three (3) independent claims. *See* Ex. B, '787 patent.

The inventions of the '787 patent address the need to simplify how a taxpayer collects information relevant to determining their tax liability and preparing a tax return while also

reducing errors and saving paper. The collection of tax data and the determination of tax liability has long been paper-based and manually intensive, and before the inventions of the '787 patent it remained so even if the taxpayer used tax preparation software. *Id.* at Col. 2:16-58. Taxpayers had to gather paper copies of their IRS tax forms (*e.g.* Forms W-2, 1099, and 1098) and other tax data, and hand write or type that information into their own tax returns. The claimed inventions advantageously solve these problems by recognizing that much of the information necessary to compute tax liability is available electronically, *see id.* at Col. 1:16-38, and that the determination of tax liability is increasingly an automated process capable of being performed by computer software. *See id.* at Cols. 1:39-49, 1:64 – 2:1. The claimed inventions simplify the processes of collecting tax data and determining tax liability by providing a method, apparatus, and computer-readable medium utilizing a system comprising a general purpose computer with software and electronic communications equipment to collect and process information needed for the preparation of a tax return.

Simplification has asserted against Block all the claims of the '787 patent. The three (3) independent claims of the '787 patent read as follows (italicized terms are disputed):

> 1. An apparatus for collecting tax data comprising:
> *means for connecting electronically* an electronic intermediary to a tax data provider;
> *means for collecting electronically* tax data from said tax data provider;
> *means for processing electronically* said tax data collected from said tax data provider to obtain processed tax data; and
> *means for preparing electronically* an *electronic tax return* using said processed tax data.
>
> 10. A computer-readable medium embodying a computer program for collecting tax data, said computer program comprising code segments for:
> *connecting electronically* an electronic intermediary to a tax data provider;
> *collecting electronically* tax data from said tax data provider;

processing electronically said tax data collected from said tax data provider to obtain processed tax data; and
preparing electronically an *electronic tax return* using said processed tax data.

15. A method for automatic tax data collecting by an electronic intermediary comprising:
connecting electronically said electronic intermediary to a tax data provider;
collecting electronically tax data from said tax data provider, wherein said tax data is reported on an Internal Revenue Service ("IRS"), state, local, or foreign tax form;
processing electronically said tax data collected electronically from said tax data provider to obtain processed tax data; and
preparing electronically an *electronic tax return* using said processed tax data.

IV. THE LAW OF CLAIM CONSTRUCTION.

A. The Role of the Claims.

"It is a bedrock principle of patent law that the claims of a patent define the invention to which the patentee is entitled the right to exclude." *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005) (*en banc*) (internal citations omitted). Unless the inventor expressly gives claim language a novel meaning, claim terms take on their ordinary meaning – "the meaning that the term would have to a person of ordinary skill in the art at the time of the invention (*i.e.*, as of the effective filing date of the patent application)." *Phillips*, 415 F.3d at 1313 (citing cases); *York Prods., Inc. v. Central Tractor Farm & Family Ctr.*, 99 F.3d 1568, 1572 (Fed. Cir. 1996). In the case of the '052 and '787 patents, the effective filing date is May 8, 1997. The claims themselves will provide "substantial guidance" as to the meaning of particular claim terms, and in some cases, the ordinary meaning of claim language "may be readily apparent even to lay judges, and claim construction in such cases involves little more than the application of the widely accepted meaning of commonly understood words." *Phillips*, 415 F.3d at 1314. Non-

technical claim terms usually do not require elaborate interpretations. *See Brown v. 3M*, 265 F.3d 1349, 1352 (Fed. Cir. 2001).

The words in a claim are presumed to have some meaning, and so any interpretation that renders the words of a claim meaningless or superfluous is generally considered incorrect. *See, e.g., Bicon, Inc. v. Straumann Co.*, 441 F.3d 945, 950 (Fed. Cir. 2006); *Merck & Co. v. Teva Pharms. USA, Inc.*, 395 F.3d 1364, 1372 (Fed. Cir. 2005). Therefore, "when an applicant uses different terms in a claim, it is permissible to infer that he intended his choice of different terms to reflect a differentiation in the meaning of those terms." *Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc.*, 381 F.3d 1111, 1119 (Fed. Cir. 2004) (citing cases).

B. Other Intrinsic and Extrinsic Evidence.

Patent claims are not construed in isolation; instead, they are considered part of a "'fully integrated written instrument.'" *Phillips*, 415 F.3d at 1315 (quoting *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 978 (Fed. Cir. 1995) (*en banc*)). Accordingly, "the court looks to 'those sources available to the public that show what a person of ordinary skill in the art would have understood disputed claim language to mean.' Those sources include 'the words of the claims themselves, the remainder of the specification, the prosecution history, and extrinsic evidence concerning relevant scientific principles, the meaning of technical terms, and the state of the art.'" *Phillips*, 415 F.3d at 1314 (quoting *Innova/Pure Water*, 381 F.3d at 1116); *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582-83 (Fed. Cir. 1996). Courts are permitted to consider the dictionary definitions of words used in the claims in light of the intrinsic evidence, even if the ordinary meaning of the claim language seems readily apparent. *See Phillips*, 415 F.3d at 1314, 1318, 1322-23 (noting the value of technical dictionaries in claim construction); *see also Superguide Corp. v. DirecTV Enters., Inc.*, 358 F.3d 870, 875 (Fed. Cir. 2004).

When looking to the specification to construe claim terms, care must be taken to avoid reading limitations from the specification into the claims themselves. *See Intervet Am., Inc. v. Kee-Vet Labs., Inc.*, 887 F.2d 1050, 1053 (Fed. Cir. 1989). The heavy presumption that a claim term takes on its ordinary meaning cannot be overcome simply "by pointing to the preferred embodiment or other structures or steps disclosed in the specification or prosecution history." *CSS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366 (Fed. Cir. 2002). There is sometimes a "fine line between reading a claim in light of the specification, and reading a limitation into the claim from the specification." *Comark Communications, Inc. v. Harris Corp.*, 156 F.3d 1182, 1186 (Fed. Cir. 1998). To walk this "fine line," it is useful to look "to the specification to ascertain the meaning of a claim term as it is used by the inventor in the context of the entirety of his invention," not merely to limit a claim term. *Comark*, 156 F.3d at 1187. The focus always remains on understanding how a person of ordinary skill in the art would understand the claim terms and attempting to resolve the problem in the context of the particular patent. *See Phillips*, 415 F.3d at 1323.

The prosecution history of patent may play a role in interpreting a claim term, but the prosecution history is less relevant when it is ambiguous. *See Philips*, 415 F.3d at 1317. "It is inappropriate to limit a broad definition of a claim term based on prosecution history that is itself ambiguous." *Inverness Med. Switz. GmbH v. Warner Lambert & Co.*, 309 F.3d 1373, 1382 (Fed. Cir. 2002). Indeed, "'[a]lthough prosecution history can be a useful tool for interpreting claim terms, it cannot be used to limit the scope of a claim unless the applicant took a position before the PTO that would lead a competitor to believe that the applicant had disavowed coverage of the relevant subject matter.'" *Id.* (quoting *Schwing GmbH v. Putzmeister Aktiengesellschaft*, 305 F.3d 1318, 1324 (Fed. Cir. 2002)).

C. Interpreting Means-Plus-Function Limitations.

The manner in which the claim limitation is expressed may also limit the scope of a patent claim. For example, the law provides that when a claim limitation is "expressed as a means or step for performing a specified function without the recital of structure, material or acts in support thereof, . . [the] claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof." 35 U.S.C. § 112, ¶ 6. Such claim limitations are called "means-plus-function" limitations. When a claim uses the word "means" to describe a certain limitation, it creates a rebuttable presumption that this is a "means-plus-function" limitation. *See Personalized Media Communications, L.L.C. v. Int'l Trade Comm'n*, 161 F.3d 696, 703-04 (Fed. Cir. 1998). To rebut that presumption, the claim must recite the specific physical structure which performs the entire claimed function. *See Altiris, Inc. v. Symantec Corp.*, 318 F.3d 1363, 1376 (Fed. Cir. 2003).

Once a claim limitation is determined to be a means-plus-function limitation, claim construction follows two steps. First, the court must determine the "function" of the limitation. *See JVW Enters., Inc. v. Interact Accessories, Inc.*, 424 F.3d 1324, 1330 (Fed. Cir. 2005) (citing *Omega Eng'g, Inc. v. Raytek Corp.*, 334 F.3d 1314, 1321 (Fed. Cir. 2003)). It is improper to narrow the scope of the claimed function beyond the claim language or to broaden the scope by ignoring clear claim limitations. *See Cardiac Pacemakers, Inc. v. St. Jude Med., Inc.*, 296 F.3d 1106, 1113 (Fed. Cir. 2002). Second, the court must ascertain from the specification the corresponding structure (and equivalents thereof) necessary to perform the determined function. *See JVW Enters.*, 424 F.3d at 1330. To qualify as "corresponding" structure, the identified structure must perform the claimed function and the specification must clearly associate the structure with performance of the function. *See* 35 U.S.C. § 112, ¶ 6; *JVW Enters.*, 424 F.3d at 1332 (quoting *Cardiac Pacemakers,* 296 F.3d at 1113); *Medtronic, Inc. v. Advanced*

Cardiovascular Sys., 248 F.3d 1303, 1313 (Fed. Cir. 2001) (noting that a single structure may perform more than one function, and two structures may together perform a single function); *see also In re Ghiron,* 442 F.2d 985, 991 (U.S.P.Q. 1971) (functional-type block diagrams may be acceptable "corresponding structure" if they, with the rest of the specification, enable a person skilled in the art to practice the claimed invention).

V. ARGUMENT.

Several categories of terms from the '052 and '787 patent claims require construction. First, Simplification and Block have agreed upon proposed constructions for certain claim terms. Second, the parties dispute the meaning of the term "*automatic tax reporting,*" which appears in the preamble of every claim of the '052 patent. Third, the parties dispute the proper construction of the term "electronically," which carries through to several terms setting forth various acts done "electronically," *i.e.*, "*connecting electronically,*" "*collecting electronically,*" "*processing electronically,*" "*preparing electronically*" and "*filing electronically.*" All of these claim terms appear in both the '052 and '787 patents, except for "*filing electronically,*" which only appears in the '052 patent. Fourth, the parties dispute the meaning of several means-plus- function limitations: "*means for connecting electronically,*" "*means for collecting electronically,*" "*means for processing electronically,*" "*means for preparing electronically,*" and "*means for filing electronically.*" All of these means-plus- function limitations appear in both the '052 and '787 patents, except for "*means for filing electronically,*" which only appears in the '052 patent. Lastly, the parties dispute the meaning of "*electronic tax return.*"

A. Agreed-Upon Constructions.

Simplification and Block have agreed to constructions for certain terms in the '052 and '787 patents, and request that the Court construe those terms accordingly:

- The parties agree that the term "*electronic intermediary*" means "a data processing system comprising a general purpose computer and a computer program." *See, e.g.*, Ex. A, '052 patent, at FIGS. 1 & 2; Cols. 3:24-34, 4:30-35, 4:39-42, 5:17-20.

- The parties agree that the term "*tax data*" means "tax information relevant to a taxpayer's tax liability or tax reporting obligations." *See, e.g., id.* at FIGS. 1 & 2; Cols. 4:42-50, 5:50–6:23; Claim 10.

- The parties agree that the term "*tax data provider*" means "a party with tax information relevant to the taxpayer's tax liability or tax reporting obligations." *See, e.g., id.*, at FIGS. 1 & 2; Cols. 4:42-50, 5:50–6:23; Claims 2 & 5.

- The parties agree that the term "*electronic link*" means "an electronic means of communicating digital information bi-directionally." *See, e.g., id.* at FIGS. 1 & 2; Cols. 5:3-15, 5:50–6:6, 6:64–7:1, 7:11-28; *see also* Ex. D, IEEE Standard Dictionary of Electrical and Electronics Terms (6th ed. 1996), at 589 (A "link" is "(9) A means of communicating digital information bidirectionally…").

- The parties agree that the term "*processed tax data*" means "tax data which has been processed electronically." *See supra* V.A ("tax data") & *infra* at V.C.3 ("processing electronically"); *see also, e.g.*, Ex. A, '052 patent, at FIG 1 (block 13); Col. 6:30-52.

B. The Proper Construction of "Automatic Tax Reporting."

One of the primary disputes in this case involves the meaning of the term "*automatic tax reporting*" found in the preamble of the '052 patent claims, particularly the meaning of "automatic." Simplification asks the Court to construe "*automatic tax reporting*" to mean "determining and/or reporting tax liability, or satisfying tax reporting obligations, via a process in which one or more functions, once initiated, are completed without manual intervention."

Simplification believes that its proposed construction of the "tax reporting" portion of that term as "determining and/or reporting tax liability, or satisfying tax reporting obligations . . ." is well-supported by the specification, and may not be controversial. *See, e.g., id.* at Cols. 1:10-49, 1:56-63, 2:11-58, 3:9-20, 4:28-33, 5:27-34, 5:50–7:2.

The remainder of Simplification's proposed construction – ". . . via a process in which one or more functions, once initiated, are completed without manual intervention" – focuses on

the word "automatic," and comports with the plain meaning of the term, with the patent specification, and with Federal Circuit precedent on the proper construction of that "automatic" term as used in the computer arts.

1. The Plain Meaning, Claim Structure, and Specification All Support Simplification's Construction of "Automatic."

There is no express definition of the term "automatic" in the '052 patent specification, and no indication in the record that Simplification intended to give it any special definition. Thus, as noted above, there is a heavy presumption that "automatic" should be given its plain meaning. A review of multiple technical dictionaries confirm that the plain meaning of "automatic" is "pertaining to a process or device that, under specified conditions, functions without intervention by a human operator." Ex. C, *The IBM Dictionary of Computing* (10th ed. 1994), at 42; *see also* Ex. D, *IEEE Standard Dictionary of Electrical and Electronics Terms*, at 58 (defining automatic as: "(1): pertaining to a function, operation, process, or device that, under specified conditions, functions without intervention by a human operator"); Ex. E, *McGraw Hill Dictionary of Scientific and Technical Terms* (5th ed. 1994), at 158 (defining automatic as: "[ENG] having a self-acting mechanism that performs a required act at a predetermined time or in response to certain conditions") (all emphases added).

The plain meaning of "automatic" accords with the description of the invention in the '052 patent specification. The background of the invention indicates that the invention generally relates to "collecting, processing, compiling, and distributing information and data" and more specifically to a "method, apparatus, and article of manufacture for automated tax reporting, payment, and refund." *Id.* at Col. 1:10-15. The '052 patent specification makes it clear that "tax preparation has become increasingly automated," and cites to the use of computer programs by

individual taxpayers and professional tax preparers to prepare tax returns. *Id.* at Col. 1:39-49. The specification also discusses how "taxing authorities have increasingly automated the tax collecting and return filing process," and cites to the IRS' program allowing the electronic filing of tax returns and the payment or refund of income taxes through electronic money transfers. *Id.* at Col. 1:64 – 2:1.

A person of ordinary skill in the art reading the '052 patent would understand that these examples of some of the steps involved in "automatic tax reporting" describe processes that are automated – *i.e.* once started are completed without manual intervention. *See Phillips*, 415 F.3d at 1323 (noting that claim terms are construed as a person of ordinary skill in the art would understand them in light of the intrinsic evidence). One of skill in the art would further understand, however, based on these descriptions in the specification, that each of these steps may require some degree of manual intervention to be started in the first place. *See, e.g., id.* at Cols. 1:16-38, 2:16-65, 4:34-35, 4:51–5:15, 8:8-13.

Moreover, the law is clear, and one of skill in the art would recognize, that the use of the transitional phrase "comprising" in the preamble of the claims means that there may be intervening steps that are neither recited nor automated. *See Georgia-Pacific Corp. v. United States Gypsum Co.*, 195 F.3d 1322, 1327-28 (Fed. Cir. 1999) (recognizing that the use of the transitional term "comprising" is open-ended). For example, a person of skill in the art would understand that tax preparation software, such as the TurboTax® software of Intuit, Inc. that is expressly referenced in the '052 patent, *see* Ex. A, '052 patent, at Col. 1:43, typically follows an iterative process in which a user inputs certain information, followed by the program automatically performing certain actions, followed by the user inputting additional information, and so on. Indeed, the '052 patent specification expressly recognizes that not all information

required to compute an individual's tax liability (*e.g.* charitable donations) will necessarily be available in electronic format or be capable of being transmitted electronically, *id.* at Col. 1:35-38, which means that manual intervention will likely be required to collect and process some of the tax data used in any given tax return. Thus, as used in the claims of the '052 patent, the term "automatic tax reporting" should be construed to require that each recited step in the claimed method may be performed without manual intervention once initiated but not that the entire claimed method (or the entire tax return) must be completed from start to finish entirely without stopping or manual intervention as Block suggests.

2. Federal Circuit Precedent Also Supports Simplification's Construction of "Automatic."

Simplification's proposed construction of "automatic tax reporting" is also consistent with closely analogous Federal Circuit precedent interpreting similar terminology. For example, the Federal Circuit has interpreted the term "automatically" to mean that "once initiated, the function is performed by a machine, without the need for manually performing the function." *CollegeNet v. ApplyYourself, Inc.*, 418 F.3d 1225, 1235 (Fed. Cir. 2005) (emphasis added). The claim at issue in *CollegeNet* related to a method for using an "online service for reducing the amount of work required by applicants and institutions in, respectively, submitting and processing applications for admission." *Id.* at 1227. The claimed method in *CollegeNet* involved creating online a first college application form, storing information entered by the applicant in a database, and, in response to a request by the applicant to create an application form to a second college, "automatically inserting into some of the second form data fields applicant information from the database." *Id.* at 1227-28.

Moreover, as with all of the '052 patent claims in this case, *see supra III.B;* Ex. A, the claims at issue in *CollegeNet* were "comprising" claims. The Federal Circuit recognized and

emphasized the fundamental rule that the "transitional term 'comprising' . . . is inclusive or open-ended and does not exclude additional, unrecited elements or method steps." *CollegeNet*, 418 F.3d at 1235 (citations omitted). "A drafter uses the term 'comprising' to mean 'I claim at least what follows and potentially' more." *Id.* (quoting *Vehicular Techs. Corp. v. Titan Wheel Int'l, Inc.*, 212 F.3d 1377, 1383-84 (Fed. Cir. 2000)).

The Federal Circuit's analysis of the relationship between the claims' use of "comprising" and the proper construction of "automatically" in *CollegeNet* applies with equal force to the claims of the '052 patent: "While claim 1 does not expressly provide for human intervention, the use of 'comprising' suggests that additional, unrecited elements are not excluded. Such elements could include human actions to expressly initiate the automatic storing or inserting, or to interrupt such functions." *Id.* (noting that automatic dishwashers and auto-pilots are automatic devices despite the need for human initiation and the possibility of human interruption); *see also MercExchange, LLC v. eBay, Inc.*, 401 F.3d 1323, 1338 (Fed. Cir. 2005) (holding that the use of the term "automated" in the preamble of a claim does not require that all of the steps following the preamble must be performed by an automated process).

In addition, as in *CollegeNet*, Simplification's proposed definition of "automatic tax reporting" accords with one of the problems the '052 patent solves. The '052 patent recognized that while some of the steps required to determine and report tax liability had already become automated processes capable of being performed by computer software, *see* Ex. A, '052 patent, at Cols. 1:39-49, 1:64–2:1, the step of collecting tax data and entering it into a tax preparation software program was still largely a manual process. *Id.* at Col. 2:17-21, 30-35. Simplification's proposed construction of "automatic tax reporting," which recognizes that individual steps may be manually initiated, is consistent with the '052 patent's solution to this problem. The '052

patent solves this problem by gathering and entering tax data available electronically into the tax preparation software without the human user physically gathering or manually entering that particular tax data. In this case, as with the *CollegeNet* patent's automatic entry of college applicant information into a new form, "[a]dding a human initiation or interruption element would not alter the invention's solution to this problem." *CollegeNet*, 418 F.3d at 1235. Indeed, the *CollegeNet* court rejected the defendant's proposed construction of "automatically" which was similar to Block's proposal here, and noted further that the construction it adopted did not read "automatically" out of the claims because a machine still performs the claimed functions without manual operation, even though a human may initiate or interrupt the process. *See id.* (rejecting a "process that occurs *without human intervention*, such that a human does not have the option to intercede and alter the flow of that process") (emphasis in original).

Therefore, the claim term "automatic tax reporting" should be construed as "determining and/or reporting tax liability, or satisfying tax reporting obligations, via a process in which one or more functions, once initiated, are completed without manual intervention." There is no sound basis to argue, as Block essentially does, that the term "automatic" mandates absolutely no human intervention from the time the taxpayer starts of the process all the way through to the issuance of the tax refund. Nothing in the '052 patent claims, specification, or file histories, taken in context as the law requires, can fairly be read to so transform the plain meaning of the term "automatic."

C. The Proper Construction of "Electronically."

The second key dispute in this case involves the meaning of the term "electronically," which appears as a modifier in several limitations throughout the claims of both the '052 and '787 patents, *i.e.*, "connecting electronically," "collecting electronically," "processing electronically," "preparing electronically," and "filing electronically." As used in each of these

phrases, the claim term "*electronically*" should be construed in accordance with its plain meaning as "by way of devices, circuits, or systems utilizing electron devices."

In the context of the claims and written description of the inventions of the '052 and '787 patents, the term "electronically" is repeatedly used to refer either to the use of electronics or to not in non-hard copy or paper format. In other words, as shown by the following examples from the patent, the term "electronically" clearly defines a state (emphases added).

- "In recent years, an increasing amount of data and other information necessary to compute . . . income tax liability . . , is available electronically and capable of being transmitted over telephone communication equipment or other electronic means to the taxpayer or the taxpayer's agent or representative. For example, payroll, bank statement, residential mortgage payment, and brokerage and mutual account information is prepared almost entirely on computers, and is capable of being transmitted electronically in standardized or other readable format." Ex. A, '052 patent, at Col. 1:15-27.

- "[F]or data that is necessary to compute a taxpayer's liability but that may not at present be regularly transmitted to the taxpayer ...the information is generally entered into, and processed by, computers and could easily be transmitted to the taxpayer or the taxpayer's agent electronically using telephone communication equipment, by modem, or through the Internet. Thus, substantially all of the information necessary to compute most individuals' and many other taxpayer's income tax liability is readily available and capable of being transmitted electronically." *Id.* at Col. 1:28-37.

- "In certain circumstances, as mentioned above, tax returns may be filed electronically, and payments may be made electronically or refunds may be made electronically. However, this ability to file electronically is used sparsely. . . . Presumably, such sparse usage of the current electronic filing system is due to the laborious manual steps still required. . . ." *Id.* at Col. 2:49-52.

- "The term 'electronic intermediary' refers to a data processing system comprising a general purpose computer and a computer program, as described above, for performing the invention." *Id.* at Col. 4:39-42.

- "Alternatively, the taxpayer . . . could include information on how to contact the tax data providers electronically. . . ." *Id.* at Col. 4:56-59.

- "Non-limiting examples of such a granting include: in person; through the mail; by facsimile; or electronically using a general purpose computer and a modem connected to a general purpose computer. . . ." *Id.* at Col. 5:37-43.

- "Hence, in step 18, the electronic intermediary electronically authorizes the taxing authority to credit the taxpayer's refund electronically to the taxpayer's financial institution." *Id.* at Col. 7:57-60.

- "The final report can be embodied in a number of ways, including electronically or on paper." *Id.* at Col. 7:64-66.

All of these examples of "electronic" and "electronically" in the specification involve devices, circuits, or systems utilizing electron devices, such as a general purpose computer or a data network (*e.g.*, the Internet). Two of the claim constructions agreed upon by the parties also construe "electronic" in that manner, in accordance with its plain meaning. *See supra* V.A ("electronic intermediary" and "electronic link"). The usage in the patent and these agreed-upon constructions also comport with dictionary definitions of "electronic" such as "Of, or pertaining to, devices, circuits, or systems utilizing electron devices." Ex. D, IEEE Standard Dictionary of Electrical and Electronics Terms, at 347.

By contrast, Block's proposed definition of "electronically" improperly conflates that term with its definition of the separate and distinct claim term "automatic." Block urges the Court to define "electronically" as "performed *on a computer automatically without manual intervention from the user*."[1] In essence, Block treats the terms "automatic" and "electronically" as synonymous and interchangeable. Block's conflation of these terms, however, is both legally incorrect and unsupported by the use of these terms in the claims and specification of the '052 and '787 patents. *See, e.g., Innova/Pure Water*, 381 F.3d at 1119 ("While not an absolute rule, all claim terms are presumed to have meaning in a claim. . . . [W]hen an applicant uses different terms in a claim, it is permissible to infer that he intended his choice of different terms to reflect a differentiation in the meaning of those terms"). Nothing in the patent would indicate to a person of ordinary skill in the art that these two terms should be defined the same way, or that

one or the other should be read out of the claims, as Block's construction proposes. Nothing in the file histories of the patents, read as a whole and taken in context, can fairly be read to so transform the plain meaning of the term "electronically" – as confirmed by the parties' repeated (and contrary) agreement on the meaning of the term "electronic." In fact, a person of ordinary skill in the art would define the two terms differently and in accordance with their plain meanings, as Simplification proposes.

1. The Proper Construction of "Connecting Electronically."

As used in the asserted claims, the claim term "*connecting electronically*" should be construed as "physically or logically coupling by way of devices, circuits, or systems utilizing electron devices."

The way "connecting electronically" is used in the claims indicates that the term "electronically" modifies the term "connecting" by describing the manner in which the connection is made. For example, claim 1 of the '052 patent states in relevant part "connecting electronically said electronic intermediary to a tax data provider." Ex. A, '052 patent, at Col. 8:20-21. This language indicates that "connecting" is performed by way of devices, circuits, or systems utilizing electron devices.

Simplification's proposed definition also comports with the specification's description of the inventions. For example, the specification explains that: "In step 12, the electronic intermediary electronically collects tax data from the tax data providers using electronic links. The electronic intermediary *connects electronically* to each tax data provider that has tax data pertaining to the taxpayer using the electronic links." *Id.* at Col. 5:50-54 (emphasis added). The specification provides several "[n]on-limiting examples of electronic links used to connect

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[1] For ease of comparison, Block's proposed definition of "automatic tax reporting" is "preparing a tax return *on a computer automatically without manual intervention from the user*."

electronically the electronic intermediary and the tax data providers includ[ing]: a general purpose computer electronically connected to telephone communication equipment using, for example, a modem or to an electronic data network, such as the Internet; or a computer-readable medium for transferring and receiving the tax data." *Id.* at Cols. 5:67–6:6. These examples (and the agreed-upon construction) of "electronic link" show that the connection may or may not be traceable through a physical connection. All of the examples of "electronic links" are examples of physically or logically coupling by way of devices, circuits, or systems utilizing electron devices.

Thus, both the plain meaning of the '052 patent claims and the '052 patent specification support Simplification's proposed construction of connecting electronically.

2. The Proper Construction of "Collecting Electronically."

As used in the asserted claims, the claim term "*collecting electronically*" should be construed as "gathering by way of devices, circuits, or systems utilizing electron devices."

The way "collecting electronically" is used in the claims indicates that the term "electronically" modifies the term "collecting" by describing the manner in which the tax data is collected. For example, claim 1 of the '052 patent states in relevant part "collecting electronically tax data from said tax data provider." *Id.* at Col. 8:22-23. This language indicates that "collecting" is performed by way of devices, circuits, or systems utilizing electron devices.

Simplification's proposed definition also comports with the specification's description of the inventions. For example, the specification explains that: "In step 12 [of Fig. 2], the electronic intermediary electronically collects tax data from the tax data providers using electronic links." *Id.* at Col. 5:50-52. Simplification's proposed definition of collecting electronically is consistent with the solution provided by the inventions of the '052 patent: "Hence, with the electronic collection of tax data as in step 12, the invention eliminates the

current requirement that a taxpayer manually collect the tax data, eliminates the current requirement that a taxpayer manually enter such tax data onto a tax return or into a computer, and eliminates the need for all, or virtually all, intermediate hard copies of tax data, thereby saving paper, time, and cost." *Id.* at Col. 6:24-29.

In addition, Simplification's proposed construction accords with the prosecution history of the '052 patent. During the original examination, in response to a rejection of the claims by the patent examiner based on prior art, the applicant noted that "with the electronic collection of tax data, the invention eliminates the current requirement that a taxpayer manually collect the tax data." Ex. G, '052 Pros. History, Request for Reconsideration in Response to Office Action, dated November 24, 1999, at 3. The applicant then distinguished the invention over the prior art: "Instead, [the prior art] teaches manually collecting tax data and manually entering the collected tax data into a personal computer." *Id.*

Therefore, Simplification's proposed construction of collecting electronically is supported by the patent claims themselves, the patent specification, and the '052 patent prosecution history.

3. The Proper Construction of "Processing Electronically."

The claim term "processing electronically" should be construed as the "systematic performance of operations, such as data manipulation, merging, sorting, and computing accomplished by way of devices, circuits, or systems utilizing electron devices." As with the other "electronically" limitations, the dispute between the parties centers on the meaning of the term "electronically." For the reasons discussed above, "electronically" should be construed as "by way of devices, circuits, or systems utilizing electronic devices."

The specification describes "processing electronically" when it discusses "step 13" of Figure 1, in which the electronic intermediary processes the tax data collected in step 12

[electronic intermediary electronically collects tax data from tax data providers using electronic links] without the need for manual input or manipulation of said tax data as required in the prior art. *See* Ex. A, '052 patent, at Col. 6:30-41. The specification then explains that, in step 13, the electronic intermediary processes the tax data by performing certain actions, "non-limiting examples" of which include: addition, subtraction, multiplication, and division to determine the taxpayer's gross income, relevant deductions, net taxable income, and tax liability. *Id.* at Col. 6:42-47. Thus, the specification indicates that processing means more than simply "computing," contrary to Block's proposed construction which seeks to limit the term to only the "non-limiting examples" provided in the specification. *See id.* at Col. 6:42-47. Simplification's proposed construction comports with the specification as well as the plain meaning of the term. *See, e.g.*, Ex. D, IEEE Standard Dictionary of Electrical and Electronics Terms, at 255 (defining "data processing" as "The systematic performance of operations upon data, such as data manipulation, merging, sorting, and computing."), 822 (citing to "data processing" for definition of "processing").

4. The Proper Construction of "Preparing Electronically."

The claim term "preparing electronically" should be construed as "preparing an electronic tax return by way of devices, circuits, or systems utilizing electronic devices." As with the other "electronically" limitations, the dispute between the parties centers on the meaning of the term "electronically." For the reasons discussed above, "electronically" should be construed as "by way of devices, circuits, or systems utilizing electronic devices."

Neither the claims nor the specification give "preparing" any special definition. Instead the specification repeatedly refers simply to "preparing," and thus uses the plain and ordinary meaning of the word to describe preparing electronically: "In step 14, the electronic intermediary prepares electronic tax returns using the processed tax data from step 13." Ex. A,

'052 patent, at Col. 6:53-54. The patent further explains that "[s]imilar to step 13, step 14 can be implemented using current technology. In practicing the invention, the electronic tax returns are prepared with respect to the particular taxing authorities. For example, if the taxing authority is the IRS, the electronic tax return will correspond to the appropriate federal tax return, such as the Form 1040 or the Form 1040EZ." *Id.* at Col. 6:54-61.

5. The Proper Construction of "Filing Electronically."

As used in the asserted claims, the claim term "filing electronically" should be construed as "submitting or transmitting to a taxing authority by way of devices, circuits, or systems utilizing electron devices." As with the other "electronically" limitations, the dispute between the parties centers on the meaning of the term "electronically." For the reasons discussed above, "electronically" should be construed as "by way of devices, circuits, or systems utilizing electronic devices."

The specification describes filing electronically as "[i]n step 15, the electronic intermediary electronically files the electronic tax returns prepared in step 14 with the taxing authorities" Ex. A, '052 patent, at Col. 6:62-64. The patent further explains that "[r]eferring to FIG. 2, the electronic intermediary electronically connects with the taxing authorities using electronic link 37, and transmits the electronic tax forms to the taxing authorities over the electronic links 37." *Id.* at Cols. 6:64–7:1. As noted in the background of the invention, "computation of income tax liability is generally a routine matter of collecting the relevant data, processing it, reflecting the data and ultimate calculations on the proper form or forms, and transmitting or otherwise sending the forms to the relevant taxing authorities." *Id.* at Col. 1:58-63; *see also id.* at Cols. 1:65–2:6; 2:49-58 (electronic filing of tax returns was known).

D. The Proper Construction of the Means Plus Function Claims.

Both the '052 and '787 patents have several claims written in means plus function format, and the parties agree that those claims fall within 35 U.S.C. § 112, ¶6. As described above, to interpret such claim limitations, the courts must first determine the function of the claim limitation, and then look to the specification for structure(s), material, or acts (and equivalents thereof) that correspond to the function recited in the element. *See JVW Enters.*, 424 F.3d at 1330; *Medtronic*, 248 F.3d at 1313 (noting that a single structure may perform more than one function, and two structures may together perform a single function).

The means plus function claim limitations at issue in both the '052 and '787 patents parallel in a different format the claim limitations discussed immediately above – "means for connecting electronically," "means for collecting electronically," "means for processing electronically," "means for preparing electronically," and "means for filing electronically." Simplification has already set forth above its proposed construction for those terms, *e.g.*, "*connecting electronically,*" and by so doing has identified the function of the parallel means-plus-function limitation and set forth the supporting evidence. This section, therefore, will focus on the related structure identified in the specification.

1. The Proper Construction of "Means for Connecting Electronically."

The claimed "*means for connecting electronically* [an electronic intermediary to a tax data provider or taxing authority]" has the function of "establishing a physical or logical coupling." *See supra* V.C.1 (construing "*connecting electronically*"). Simplification submits that the corresponding structure for performance of this function is "a data processing system comprising a general purpose computer programmed with code segments to operate the general-purpose computer, causing it to establish a physical or logical coupling via an electronic link."

Contrary to Block's position to date, the '052 patent specification as a whole provides sufficient structure connected to performance of this function to permit the construction of this term. In particular, a person of ordinary skill in the art would recognize from the Figures and the descriptions in the specification (as well as the other non-means-plus-function claims) that the corresponding structure disclosed therein for performance of this function is a data processing system comprising a general purpose computer programmed with code segments to operate the general-purpose computer, causing it to establish a physical or logical coupling via an electronic link. *See* Ex. A, '052 patent, Figs. 1 & 2 (electronic links 32-37), Cols. 3:35-39, 4:28-50, 5:18-20, 5:50–6:6, 6:64-66. The code segments are present on a computer-readable medium. *See, e.g., id.* at Col. 3:35-65.

The specification does not limit the types of electronic links used to establish the physical or logical coupling, but instead recites a number of "non-limiting" examples of electronic links, including a modem, an electronic data network (such as the Internet), or a computer-readable medium for transferring and receiving data. *Id.* at Cols. 5:65–6:6.

Moreover, Figures 1 and 2 of the patents are block diagrams illustrating structure for establishing a physical or logical coupling. *See In re Ghiron,* 442 F.2d at 991 (functional-type block diagrams are acceptable corresponding structure if, along with the rest of the specification, they enable a person skilled in the art to make a selection and practice the claimed invention). Where, as here, identified structures perform the claimed function, and are clearly associated with the performance of that function in the specification, those structures are the "corresponding structure," and the claims meet the requirements of 35 U.S.C. § 112, ¶6. *See, e.g., JVW Enters.,* 424 F.3d at 1330 (citing *Cardiac Pacemakers*, 296 F.3d at 1113).

2. The Proper Construction of "Means for Collecting Electronically."

The claimed "*means for collecting electronically* [tax data from a tax data provider]" has the function of "gathering tax data." *See supra* V.C.2 (construing "*collecting electronically*"). The corresponding structure for performance of this function is "a data processing system comprising a general purpose computer programmed with code segments to operate the general-purpose computer, causing it to gather tax data via an electronic link."

Contrary to Block's position to date, the '052 patent specification as a whole provides sufficient structure connected to performance of this function to permit the construction of this term. In particular, a person of ordinary skill in the art would recognize from the Figures and the descriptions in the specification (as well as the other non-means-plus-function claims) that the corresponding structure disclosed therein for performance of this function is a data processing system comprising a general purpose computer programmed with code segments to operate the general-purpose computer, causing it to gather tax data via an electronic link. *See, e.g.*, Ex. A, '052 patent, Figs. 1 & 2, Cols. 3:35-39, 4:28-33, 5:50–6:23. The code segments are present on a computer-readable medium. *See, e.g.*, *Id.* at Col. 3:35-65.

The specification does not limit the types of electronic links used for gathering tax data, and recites a number of "non-limiting" examples of electronic links, including a modem, an electronic data network (such as the Internet), or a computer-readable medium for transferring and receiving data, that one of ordinary skill in the art reading the specification would also have known could be used for the gathering of tax data. *Id.* at Col. 5:62–6:6. The block diagrams in Figures 1 and 2 also illustrate corresponding structure for the gathering of tax data. *See, e.g.*, *id.* at Fig. 2 (electronic links 32-37); *see also In re Ghiron,* 442 F.2d at 991. Where, as here, identified structures perform the claimed function, and are clearly associated with the performance of that function in the specification, those structures are the "corresponding

structure," and the claims meet the requirements of 35 U.S.C. § 112, ¶6. *See, e.g., JVW Enters.*, 424 F.3d at 1330 (citing *Cardiac Pacemakers*, 296 F.3d at 1113).

3. The Proper Construction of "Means for Processing Electronically."

The claimed "*means for processing electronically* [tax data collected from a tax data provider]" has the function of "performing systematically operations such as data manipulation, merging, sorting, and computing." *See supra* V.C.3 (construing "*processing electronically*"). The corresponding structure for performance of this function is "a data processing system comprising a general purpose computer programmed with code segments to operate the general-purpose computer, causing it to perform said systematic operations."

Contrary to Block's position to date, the '052 patent specification as a whole provides sufficient structure connected to performance of this function to permit the construction of this term. In particular, a person of ordinary skill in the art would recognize from Figure 1 and the descriptions in the specification that the corresponding structure disclosed therein for performance of this function is a data processing system comprising a general purpose computer programmed with code segments to operate the general-purpose computer, causing it to perform said systematic operations. *See, e.g.,* Ex. A, '052 patent, at Fig. 1 (block 13), Cols. 3:35-39, 4:28-33, 6:30-52. The code segments are present on a computer-readable medium. *See, e.g., id.* at Col. 3:35-65.

The specification notes that this function may be performed by "a computer program similar to the computer programs currently available in the marketplace" and further notes that "[the processing electronically function] can be implemented with current technology [using the information obtained in the connecting and collecting electronically steps]." *Id.* at Col. 6:32-36. The block diagram in Figure 1 also illustrates the corresponding structure for the systematic

performance of operations such as data manipulation, merging, sorting, and computing. *See id.* at Fig. 1 (block 13); *In re Ghiron,* 442 F.2d at 991.

Where, as here, identified structures perform the claimed function, and are clearly associated with the performance of that function in the specification, those structures are the "corresponding structure," and the claims meet the requirements of 35 U.S.C. § 112, ¶6. *See, e.g., JVW Enters.,* 424 F.3d at 1330 (citing *Cardiac Pacemakers,* 296 F.3d at 1113).

4. The Proper Construction of "Means for Preparing Electronically."

The claimed "*means for preparing electronically* [an electronic tax return using processed tax data] has the function of "establishing a physical or logical coupling." *See supra* V.C.4 (construing "*preparing electronically*"). The corresponding structure for performance of this function is "a data processing system comprising a general purpose computer programmed with code segments to operate the general-purpose computer and to prepare an electronic tax return."

Contrary to Block's position to date, the '052 patent specification as a whole provides sufficient structure connected to performance of this function to permit the construction of this term. In particular, a person of ordinary skill in the art would recognize from Figure 1 and the descriptions in the specification that the corresponding structure disclosed therein for performance of this function is a data processing system comprising a general purpose computer programmed with code segments to operate the general-purpose computer and to prepare an electronic tax return. *See, e.g.,* Ex. A, '052 patent, at Fig. 1 (block 14), Cols. 3:35-39, 4:28-33, 6:53-61. Such code segments are present on a computer-readable medium. *See, e.g., id.* at Col. 3: 35-65.

Further, the specification notes that "[s]imilar to [the function of processing electronically], [the preparing electronically function] can be implemented using current

technology." *Id.* at Col. 6:54-56. The block diagram in Figure 1 also illustrates corresponding structure for the systematic performance of operations such as data manipulation, merging, sorting, and computing. *See id.* at Fig. 1 (block 14); *In re Ghiron*, 442 F.2d at 991.

Where, as here, identified structures perform the claimed function, and are clearly associated with the performance of that function in the specification, those structures are the "corresponding structure," and the claims meet the requirements of 35 U.S.C. § 112, ¶6. *See, e.g., JVW Enters.*, 424 F.3d at 1330 (citing *Cardiac Pacemakers*, 296 F.3d at 1113).

5. The Proper Construction of "Means for Filing Electronically."

The claimed "*means for filing electronically* [an electronic tax return with a taxing authority]" has the function of "submitting or transmitting to a taxing authority." *See supra* V.C.5 (construing "*filing electronically*"). The corresponding structure for performance of this function is "a data processing system comprising a general purpose computer programmed with code segments to operate the general-purpose computer, causing it to submit said electronic tax return to the taxing authority via an electronic link."

Contrary to Block's position to date, the '052 patent specification as a whole provides sufficient structure connected to performance of this function to permit the construction of this term. In particular, a person of ordinary skill in the art would recognize from Figures 1 and 2 and from the descriptions in the specification that the corresponding structure disclosed therein for performance of this function is a data processing system comprising a general purpose computer programmed with code segments to operate the general-purpose computer, causing it to submit said electronic tax return to the taxing authority via an electronic link. *See, e.g.*, Ex. A, '052 patent, at Figs. 1 (block 15) & Fig. 2 (electronic link 37), Cols. 3:35-39, 4:28-33, 6:62–7:2 ("In step 15 [filing electronically], the electronic intermediary electronically files the electronic tax returns prepared in the previous step] with the taxing authorities. Referring to FIG. 2, the

electronic intermediary . . . transmits the electronic tax forms to the taxing authorities 27 over the electronic links 37."); *In re Ghiron,* 442 F.2d at 991 (block diagram illustrates corresponding structure). The code segments are present on a computer-readable medium. *See, e.g.*, Ex. A, '052 patent, at Col. 3:35-65.

Where, as here, identified structures perform the claimed function, and are clearly associated with the performance of that function in the specification, those structures are the "corresponding structure," and the claims meet the requirements of 35 U.S.C. § 112, ¶6. *See, e.g., JVW Enters.*, 424 F.3d at 1330 (citing *Cardiac Pacemakers*, 296 F.3d at 1113).

E. The Proper Construction of "Electronic Tax Return."

The claim term "*electronic tax return*" should be construed as "a statement of tax liability or tax-related information in a form prescribed by a taxing authority, in an electronic format."

Simplification believes that this construction is the ordinary and plain meaning of the terms. Simplification's proposed construction is supported by the patent specification. In particular, the specification states that "[i]n practicing the invention, the electronic tax returns are prepared with respect to the particular taxing authorities. For example, if the taxing authority is the IRS, the electronic tax return will correspond to the appropriate federal tax return, such as the Form 1040 or the Form 1040EZ." Ex. A, '052 patent, at Col. 6:54-61. Such electronic tax returns are then submitted or transmitted electronically to the taxing authority. *See id.* at Col. 6:62–7:1. The specification notes that the electronic filing of tax returns was permitted by the IRS and in use at the time. *See id.* at Cols. 1:64–2:6, 2:49-58.

Simplification's interpretation is further supported by the plain meaning of the term "tax return" as understood by a person of ordinary skill in the art. For example, lay dictionaries define "tax return" as "16. A formal tax statement on the required official form indicating taxable income, allowed deductions, exemptions, and the computed tax that is due." Ex. F, *The*

American Heritage® Dictionary of the English Language (3rd ed. 1992), at 1452 ("return"), 1840 ("tax return"). A Treasury Regulation similarly states that "A return of tax under Subtitle A is a return filed by or on behalf of a taxpayer reporting the liability of the taxpayer for tax under Subtitle A. A return of tax under Subtitle A also includes an information return filed by or on behalf of a person or entity that is not a taxable entity and which reports information which is or may be reported on the return of a taxpayer of tax under Subtitle A." Treas. Reg. § 301.7701-15(c)(1).[2] Thus, a person of ordinary skill in the art would understand that there are two broad categories of tax returns: a) tax liability returns (*see, e.g.*, Internal Revenue Code §§ 6011-6110), and b) information returns (*see, e.g.*, Internal Revenue Code §§ 6031-6052).

Therefore, "electronic tax return" should be construed as "a statement of tax liability or tax-related information in a form prescribed by a taxing authority, in an electronic format."

[2]Althoug h this particular Treasury Regulation addresses only "returns under subtitle A," there are also other tax returns, including estate tax returns, gift tax returns, returns of excise taxes and income taxes collected at source on wages, individual and corporate declarations of estimated tax, informational statements and returns on IRS Forms 990, 1099 and similar informational forms.

VI. CONCLUSION.

For the foregoing reasons, Simplification respectfully submits that this Court should adopt its proposed constructions of the disputed terms of the claims of the '052 and '787 patents.

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CERTIFICATE OF SERVICE

I hereby certify that on May 13, 2008, I caused the foregoing to be electronically filed with the Clerk of the Court using CM/ECF which will send electronic notification of such filing to the following:

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

SIMPLIFICATION, LLC,	)	
	)	
Plaintiff,	)	
	)	
v.	)	C.A. No. 03-355-JJF
	)	C.A. No. 04-114-JJR
BLOCK FINANCIAL CORPORATION and H&R BLOCK DIGITAL TAX SOLUTIONS, INC.,	)	CONSOLIDATED
	)	
	)	
Defendant.	)	

SIMPLIFICATION, LLC'S RESPONSIVE *MARKMAN* BRIEF ON THE CONSTRUCTION OF THE CLAIMS OF U.S. PATENT NOS. 6,202,052 & 6,697,787

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CASES

I. INTRODUCTION

Block's opening papers make clear that its proposed claim constructions and, indeed, its case rely primarily upon its interpretation of a handful of statements in the transcript of Simplification's hearing before the Board of Patent Appeals and Interferences ("BPAI") during the reexamination of the patents-in-suit. Block takes these brief excerpts out of context and relies upon them to argue for constructions of "automatic tax reporting" and "electronically" which depart drastically from the patent specification and the plain meaning of those terms, and indeed would render those key claim terms redundant.

When read in context, however, those statements simply do not mean what Block claims they mean. Moreover, other arguments and authorities Simplification presented at the BPAI hearing and throughout the reexamination directly contradict Block's proposed constructions, as does the text of the patent. It is important to be mindful that this BPAI hearing capped more than three years of reexamination proceedings which produced a written file history more than a foot thick.[1] In construing the claims, the Court must read this record as a whole in conjunction with the original file histories and the text of the patent itself, and give due weight to the plain meaning of the claim language and the detailed description in the specification. Nothing in the file histories can fairly be read as showing any clear intent by Simplification to depart from the plain meaning of the claim terms "automatic" and "electronically," especially

[1] Block would have the Court believe that the statements it cites were critical to preserving the patent claims, serving as Simplification's "lifeboat" in a storm, *see* Block's Opening Brief, at 14, but they apparently played no part in the decision. Indeed, the interpretation of "automatic" and "electronically" did not appear in the Board's analysis. The decision instead turned on: (a) the examiner's failure to adequately support the Section 112 rejections, and (b) the definition of "tax data," which is undisputed in this case. *See* Block Ex. C, Decision on Appeal, at 20-25.

where doing so would render one of those terms superfluous. Block's proposed claim constructions cannot stand.

II. ARGUMENT

For all of the reasons set forth by Simplification in its opening papers, and below, the Court should adopt Simplification's proposed constructions for the disputed claim terms of the '052 and '787 patents.

A. Certain Key Legal Points Relevant to this Brief.

The controlling precedent sets forth a clear hierarchy of the evidence available to the Court during claim construction: the claims themselves; the written description; the file history; and the extrinsic evidence. *See Phillips v. AWH Corp.*, 415 F.3d 1303, 1312-17 (Fed. Cir. 2005) (*en banc*). This hierarchy exists because not all evidence is equally trustworthy or pertinent; intrinsic evidence is preferred over extrinsic evidence and the patent itself is viewed as more reliable than the prosecution history. *Id.*

A court must evaluate a patent's prosecution history as part of the claim construction analysis, but "because the prosecution history represents an ongoing negotiation between the PTO and the applicant, rather than the final product of that negotiation, it often lacks the clarity of the specification and thus is less useful for claim construction purposes." *Id.* at 1317. An ambiguous prosecution history is unhelpful as a guide to claim construction. *See, e.g.*, *Inverness Med. Switz. GmbH v. Warner Lambert Co.*, 309 F.3d 1373, 1380-82 (Fed. Cir. 2002) ("It is inappropriate to limit a broad definition of a claim term based on prosecution history that is itself ambiguous. As we recently said in *Schwing*, '[a]lthough prosecution history can be a useful tool for interpreting claim terms, it cannot be used to limit the scope of a claim unless the applicant took a position before the PTO that would lead a competitor to believe that the

applicant had disavowed coverage of the relevant subject matter.'") (citing *Schwing Gmbh v. Putzmeister Aktiengesellschaft*, 305 F.3d 1318, 1324 (Fed. Cir. 2002)); *Athletic Alternatives, Inc. v. Prince Mfg., Inc.*, 73 F.3d 1573, 1580 (Fed. Cir. 1996) (the ambiguity of the prosecution history made it "unhelpful as an interpretive resource" for claim construction).

The "purpose of consulting the prosecution history in construing a claim is to 'exclude any interpretation that was disclaimed during prosecution.'" *Chimie v. PPG Indus., Inc.*, 402 F.3d 1371, 1384 (Fed. Cir. 2005) (excluding citations). That history may show that "the patentee intended to deviate from a term's ordinary and accustomed meaning, *i.e.*, if it shows that the patentee characterized the invention using words or expressions of *manifest exclusion or restriction* before the United States Patent and Trademark Office." *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1326 (Fed. Cir. 2002) (emphasis added). The specification, however, "is always highly relevant to the claim construction analysis. Usually, it is dispositive; it is the single best guide to the meaning of a disputed term." *Phillips*, 415 F.3d at 1315 (citation and internal quotation marks omitted).

The court must also carefully consider all of the claim language in choosing its construction. "A claim construction that gives meaning to all terms of the claim is preferred over one that does not do so." *Merck & Co. v. Teva Pharms. USA, Inc.*, 395 F.3d 1364, 1372 (Fed. Cir. 2005). As a result, different claim terms [such as "automatic" and "electronically" in the '052 patent claims] are presumed to have different meanings. *See Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc.*, 381 F.3d 1111, 1119 (Fed. Cir. 2004) ("[W]hen an applicant uses different terms in a claim it is permissible to infer that he intended his choice of different terms to reflect a differentiation in the meaning of those terms."). Thus, claim terms should not

be construed in a way that renders another term superfluous. *Primos, Inc. v. Hunter's Specialties, Inc.*, 451 F.3d 841, 848 (Fed. Cir. 2006); *Merck & Co.*, 395 F.3d at 1372.

Finally, it is important to recognize the well-established legal effect of the use of the transitional word "comprising" in patent claims, including all of the claims of the patents-in-suit. Put simply, "comprising" essentially means "including, but not limited to." Therefore, a "comprising" method claim, like claim 1 in the '052 patent, expressly allows for the performance of unlisted and unclaimed steps in addition to those set forth in the claims. *See Vivid Tech., Inc. v. American Sci. & Eng'g, Inc.*, 200 F.3d 795, 811 (Fed. Cir. 1999) ("A claim using the signal 'comprising' . . . is generally understood to signify that the claims do not exclude the presence in the accused apparatus or method of factors in addition to those explicitly recited"); *Phillips Petroleum Co. v. Huntsman Polymers Corp.*, 157 F.3d 866, 874 (Fed. Cir. 1998) ("The use of . . . 'which comprises' in the composition and process claims generally would mean that the claims require the recited limitations, but that additional elements or process steps may be present."); *Genentech, Inc. v. Chiron Corp.*, 112 F.3d 495, 501 (Fed. Cir. 1997) ("'Comprising' is a term of art used in claim language which means that the named elements are essential, but other elements may be added and still form a construct within the scope of the claim.").

B. The Proper Construction of "Automatic Tax Reporting."

The Court should reject Block's proposed construction of "automatic tax reporting" – "*preparing a tax return on a computer automatically without manual intervention from the user*" – because it is inconsistent with the claim language, the '052 patent specification, and the prosecution and reexamination file histories of the '052 patent. Indeed, the sound bites from the oral argument on which Block heavily relies do not truly support its argument even when read in isolation, much less when read in their full context as the law requires.

In its opening brief, Block argues that the "automatic tax reporting" limitation requires "a *fully-automated* system for tax reporting." Block's Opening Brief, at 11. In essence, Block argues for a construction in which the '052 patent claims cover only a system which allows the taxpayer to press a button at the very beginning of the process and then do nothing more until receiving their refund check. Block's position must fail, however, because the patents-in-suit neither claim nor describe that sort of "fully-automated" tax reporting system. *See, e.g.*, *Phillips*, 415 F.3d at 1312 (noting "the claims of a patent define the invention to which a patentee is entitled the right to exclude") (citation and internal quotation marks omitted).

1. "Automatic Tax Reporting" Must Be Understood as Part of the Preamble of "Comprising" Claims in the '052 Patent.

Indeed, Block's proposed construction demonstrates a fundamental misunderstanding of the claim language, the specification's detailed description of the invention, and even the arguments made by Simplification's patent counsel during the hearing before the BPAI.[2] First, the '052 patent claims all recite "automatic tax reporting" *and* then the transitional phrase "comprising" in their preamble before reciting the listed claim limitations. The law is clear that the use of "comprising" in the preamble of these claims means that the claims permit additional and/or intervening steps that are neither recited nor automatic. *See Georgia-Pacific Corp. v. United States Gypsum Co.*, 195 F.3d 1322, 1327-28 (Fed. Cir. 1999) (the transitional term "comprising" is open-ended "and does not exclude additional, unrecited elements or method steps."). Put simply, "comprising" essentially means "including, but not limited to." Therefore, a "comprising" method claim, like claim 1 in the '052 patent, expressly allows for the

[2] Block also fails to present any support or even argument for one half of its proposed definition ("preparing a tax return on a computer"), and improperly includes as part of its proposed definition (". . . automatically . . .") one of the claim terms being defined ("automatic").

performance of unlisted, unclaimed steps in addition to those set forth in the claims. In fact, a "comprising" method claim can encompass any number of additional unrecited steps, and even the repeated performance of certain steps, so long as each of the recited steps are performed. *Id.*; *see also CollegeNet, Inc. v. ApplyYourself, Inc.*, 418 F.3d 1225, 1235 (Fed. Cir. 2005).

In this case, the '052 patent specification expressly recognizes that not all of the information required to compute an individual's tax liability (*e.g.*, charitable donations) will necessarily be available in electronic format or be capable of being transmitted electronically. *See, e.g.*, Simplification Ex. A, '052 patent, at Col.1:27-38.[3] The patent thus recognizes that, even when practicing the claimed invention, manual intervention will likely be required to collect some of the tax data used in any given tax return. Nothing in the term "automatic tax reporting," the other terms of the '052 patent claims, or the structure of those claims bars the use of some manually-collected and manually-entered tax data in preparing the tax return. To the contrary, the use of "comprising" makes it clear that "automatic tax reporting," as that term is used in the '052 patent, can be based in part on tax data "collected electronically" according to the claimed method and in part on tax data collected and entered manually.

Block's apparent failure to understand or address the effect of the term "comprising" leads Block to misunderstand and misapply the possible analogy between the claimed invention and an automatic dishwasher. *See* Block's Opening Brief, at 11 (citing Oral Hearing). As an example, imagine a claim involving the use of an automatic dishwasher reciting: "A method for replacing automatically-cleaned dishes in a cupboard after a dinner party, comprising: placing a dish into an automatic dishwasher; adding detergent to said

[3] Simplification Exhibits A-G are attached to Simplification's Opening Brief (DE # 80).

automatic dishwasher; starting said automatic dishwasher; cleaning said dish with said automatic dishwasher; and replacing said dish in said cupboard after cleaning." As written, this claim does not require that every single dish used at the dinner party be washed by an automatic dishwasher before going back into the cupboard. Instead, it requires only that at least one dish be washed by an automatic dishwasher; the wine glasses (for example) could be washed by hand in the sink.

Similarly, the '052 patent claims: "A method of automatic tax reporting by an electronic intermediary, comprising" followed by certain steps which must be followed, including collecting tax data electronically and processing electronically "said tax data." Nothing in this claim language requires that *all* of the tax data used to prepare the electronic tax return ultimately reported to a taxing authority must be collected and/or processed electronically. Instead, the plain language of the claim indicates only that *some* tax data (not all, as Block repeatedly argues) must be automatically collected and processed.

2. The '052 Patent Specification Makes Clear the Metes and Bounds of "Automatic Tax Reporting."

Block's proposed construction is also fatally flawed in part because it fails to construe "automatic tax reporting" in light of the specification as a whole. *See Phillips*, 415 F.3d at 1315-16, 1321. In *Phillips*, the Federal Circuit emphasized the primacy of the specification in claim construction, calling it "the single best guide to the meaning of a disputed term," and reminded readers that "claims 'must be read in view of the specification, of which they are a part.'" *Id.* (citations omitted); *see also Merck & Co.*, 347 F.3d at 1371 ("[C]laims must be construed so as to be consistent with the specification"). Block relies on the title of the '052 patent, which is indeed "Fully-Automated System for Tax Reporting, Payment and Refund," but a patent's title does not limit the claimed invention. *See Moore U.S.A., Inc. v. Standard Register Co.*, 229 F.3d 1091, 1111 (Fed. Cir. 2000) ("That the title also refers to an IBM 3800 printer

does not change our analysis, since the bar on importing limitations from the written description into the claims applied no less forcefully to a title.") (citing *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1312 (Fed. Cir. 1999) ("[I]f we do not read limitations into the claims from the specification that are not found in the claims themselves, then we certainly will not read limitations into the claims from the patent title.")).

Furthermore, the references to "fully-automated tax reporting" in the specification should be read in the context of both the problem to be solved and the detailed description of the invention itself. *See, e.g., CollegeNet*, 418 F.3d at 1235. The specification recognizes that only "*substantially* all of the information necessary to compute most individuals' and many other taxpayers' income tax liability is readily available and capable of being transmitted electronically." Simplification Ex. A, '052 patent, at Col. 1:34-37 (emphasis added). The specification also clarifies that "with the electronic collection of tax data as in step 12, the invention . . . eliminates the need for all, *or virtually all,* intermediate hard copies of tax data." Simplification Ex. A, '052 patent, at Col. 6:23-28 (emphasis added). The written description does not limit the invention to systems where no tax data is manually collected and entered into the electronic tax return.

Simplification's counsel similarly explained the proper interpretation of the claims in light of their use of the term "comprising" during the Oral Hearing before the BPAI:

> Mr. Sartori: For example, let's say you gave some donations to Purple Heart last year in 2006. And Purple Heart, you know, isn't set up to do this electronic transmission. You would need to type in and enter in your donations to go on your scheduled itemized deductions. *That would be within the software within the scope of the claim, because it's comprising, but that would not actually meet the elements of the claims.*

Block Ex. F, Oral Hearing, at 8 (emphasis added). This explanation of the effect of the term "comprising" is correct as a matter of law. *See Vivid Tech.*, 200 F.3d at 811; *Phillips Petroleum Co.*, 157 F.3d at 874; *Genentech, Inc.*, 112 F.3d at 501 ("'Comprising' is a term of art used in claim language which means that the named elements are essential, but other elements may be added and still form a construct within the scope of the claim.").

Block attempts to discount this supposedly "surreptitious" explanation in a footnote buried in its discussion of the claim term "collecting electronically," *see* Block's Opening Brief, at 23 n.9, but those arguments miss the point. Simplification has never contended that the properly construed claims cover the manual collection and/or entry of tax data by itself; instead, Simplification makes the incontrovertible point that the claims do not *proscribe* the presence of some manually entered tax data in the automatic tax reporting process so long as the claim limitations are also all met. Simplification's counsel even reiterated this important point at the BPAI hearing during a separate line of questioning which Block apparently misunderstands:

> Judge Medley: So "automatic," what does that – what is your position? What does that mean?
>
> Mr. Sartori: It should mean acting or operating in a manner that is essentially independent of external input or control.
>
> Judge Medley: So not manual.
>
> Mr. Sartori: Not manual, yes.
>
> Judge Medley: So if you have any kind of manual input from start to end, then, it's no good.
>
> Mr. Sartori: It's no good *in the sense of the comprising language*, and no good in the sense of *the limitations we have in the claims must be performed automatically.*

Block Ex. F, Oral Hearing, at 15 (emphasis added). In this passage, Simplification's counsel states that the express claim limitations must be performed automatically, but once again notes the presence of the transitional term "comprising." Thus, Block's proposed definition of "automatic tax reporting" – which would proscribe the presence of any unclaimed manual steps -- contradicts not only the plain meaning of the claims, but the description of the invention set forth in the specification and during the reexamination. Despite Block's wish to the contrary, the claims do not recite "wherein no tax data is manually entered."

3. Block's Proposed Construction Is Inconsistent With Federal Circuit Precedent.

Block's proposed definition is also inconsistent with legal precedent. In a similar context, the Federal Circuit interpreted the term "automatically" to mean that "once initiated, the function is performed by a machine, without the need for manually performing the function." *CollegeNet*, 418 F.3d at 1235; *see also* Simplification's Opening Brief, at 14-16. Notably, the *CollegeNet* court's interpretation of "automatically" took into account the claim's use of the term "comprising:" "While claim 1 does not expressly provide for human intervention, the use of 'comprising' suggests that additional, unrecited elements are not excluded. Such elements could include human actions to expressly initiate the automatic storing or inserting, or to interrupt such functions." *CollegeNet*, 418 F.3d at 1235 (noting that automatic dishwashers and auto-pilots are automatic devices despite the need for human initiation and the possibility of human interruption).

Simplification presented and relied upon this definition of automatic from *CollegeNet* at the BPAI hearing. Simplification's proposed construction for "automatic tax reporting" in this case – *i.e.*, "determining and/or reporting tax liability, or satisfying tax reporting obligations, via a process in which one or more functions, once initiated, are completed

without manual intervention" – is consistent with the *CollegeNet* case, the disclosure in the patent, and with its oral and written arguments to the PTO.

4. Simplification's Proposed Construction Is Not Overly Broad.

Finally, contrary to Block's assertion, the phrase "one or more functions" in Simplification's proposed construction of "automatic tax reporting" does not make the claim broad enough to cover systems "having any degree of automation whatsoever." *See* Block's Opening Brief, at 14. Rather, as counsel stated at the hearing, the plain language of the '052 patent claims sets forth certain specific limitations that must be performed "automatically" by the electronic intermediary. For that reason, Block is wrong to hypothesize that a tax accountant using a calculator would satisfy the claim limitations. *Id.*

In sum, when construed in the context of the claim language, the specification, and the full file history, the claim term "automatic tax reporting" refers to a process in which at least one piece of tax data is handled automatically in accordance with the steps recited in the claims. This reading is consistent with Simplification's proposal and inconsistent with Block's. Therefore, the Court should reject Block's proposed construction of "automatic tax reporting," and adopt Simplification's plain meaning proposal.

C. The Proper Construction of "Electronically."

Block proposes to define "*electronically*" as meaning "on a computer automatically without manual intervention from the user." As discussed in Simplification's Opening Brief, this proposal is inconsistent with the plain meaning of this term ("by way of devices, circuits, or systems utilizing electron devices") and its use in the specification. *See* Simplification's Opening Brief, at 17-18. Block's proposed construction is also legally flawed

because it would render superfluous one of two key terms in the '052 patent claims – "electronically" and "automatic." *Primos, Inc.*, 451 F.3d at 848; *Merck & Co.*, 395 F.3d at 1372.

Block argues that Simplification itself gave this special meaning to the term "electronically," Block's Opening Brief, at 15, but that position is not supported by any fair reading of the patents' specification or their respective prosecution and reexamination histories. The record is clear that the passages from the oral argument cited by Block were directed towards the *"collecting electronically"* limitation in claims 1 and 10 of the '787 patent (which do not include term "automatic tax reporting" in their preamble). Those statements do not purport to describe or define the term "electronically" standing alone, whether in those claims or throughout the two patents. Therefore, they do not show the clear intent to adopt a special definition for "electronically," or constitute words of manifest restriction or disavowal as required for a patentee to "act as his own lexicographer." *See Phillips*, 415 F.3d at 1316, 1320. Moreover, even if Block's interpretation of those statements were accurate, which it is not, other statements from the same hearing and throughout the file histories contradict Block's positions. *See, e.g.*, Simplification's Opening Brief, at 16-19. These contradictions render the file history at most ambiguous regarding the proper definition of "electronically." An ambiguous file history cannot justify departing from the plain meaning of the claim language to limit the claims. *Schwing Gmbh*, 305 F.3d at 1324.

1. Block's Scenario Purporting to Show the Effect of Simplification's Proposed Construction Is Fundamentally Flawed.

Block constructs an elaborate scenario intended to show that applying the plain meaning of "electronically" as Simplification urges would produce overly broad claims. *See* Block's Opening Brief, at 19-20. Block posits that a taxpayer using a prior art tax program (such

as pre-1997 TurboTax) who calls an employer to obtain their W-2 form by e-mail to complete a tax return would infringe claim 20 of the '052 patent if the plain meaning of "electronically" applies. This is simply not true, however, and the flaws in Block's "Claim 20 scenario" show the extent to which Block must twist the record to maintain its position.

First, Block's statement that a "telephone would surely qualify as a device using electrons," is irrelevant in the context of these patent claims, including claim 20 of the '052 patent. *Id.* at 20. The first step listed in the method of claim 20 requires "connecting electronically *said electronic intermediary* to a tax data provider" (emphasis added). The parties agree that an "electronic intermediary" is "a data processing system comprising a general purpose computer and a computer program." *Id.* at 5. The telephone itself is not a computer, and nothing in the record suggests that the electronic intermediary includes a telephone. Moreover, Block's hypothetical telephone call did not "connect electronically" the taxpayer's computer (electronic intermediary) to the employer (the tax data provider). Indeed, it represents an example of the kind of manual intervention that falls outside the scope of this limitation.

Second, Block argues that, under Simplification's plain meaning definition, the "taxpayer's employer email[ing] W-2 data to the taxpayer" for the taxpayer to later manually enter into the tax preparation software would satisfy the claim limitation "collecting electronically tax data from said tax data provider." *Id.* at 20. This reading, however, finds no support in the '052 patent, in any of the proceedings before the PTO, or in either parties' proposed claim constructions. The '052 patent specification clearly states that the "*collecting electronically*" step is intended to minimize, to the extent possible, the need for both the manual collection and the *manual entry* of said tax data. Simplification Ex. A, '052 patent, at Col. 6:24-29. Simplification underscored this point during both the original prosecution and the

reexamination prosecutions of the patents-in-suit, and used it as a point of distinction over the prior art. *See* Simplification Ex. G, '052 Pros. History, Request for Reconsideration in Response to Office Action, dated Nov. 24, 1999, at 3.

Simplification also emphasized this point in its appeal brief to the BPAI. *See* Simplification Ex. H, '052 Reexam Appeal Brief, at 44. During the oral argument, Simplification's counsel explained:

> [T]hat recitation of *collecting electronically* refers to step 12 of the patent. Any there is [sic] talks about, as I said before, the invention eliminates the current requirement that a taxpayer manually collect the tax data, and that the taxpayer – it eliminates the current requirement that the taxpayer *manually enter the tax data onto the tax return or into the computer*. And by collecting electronically, you're eliminating those requirements.

Block Ex. F, Reexam Oral Argument, at 29-30 (emphases added). Thus, the specification and prosecution histories show that "collecting electronically" means more than just receiving the tax data electronically; when it occurs, that step eliminates the need to manually enter that particular tax data into the tax preparation software. Therefore, Block's e-mail arguments are flat wrong.

Third, Block's description of the "*processing electronically*" step in its Claim 20 scenario contradicts the description in the specification and is inconsistent with its own proposed claim construction. In Block's scenario, the "taxpayer enters the information from the email into a standard tax program like TurboTax which performs the appropriate calculations on the data" as part of "processing electronically said tax data collected electronically." Block's Opening Brief, at 20. At the same time, its proposed construction for "processing electronically" excludes manual data entry from that step by defining it as "the act of performing the appropriate computations (e.g., addition, subtraction, multiplication, and division) automatically without

manual intervention from the user." [4] *Id.* at 24. Thus, Block's arguments are internally inconsistent, and its Claim 20 scenario makes no sense.

Under both parties' proposed construction of "processing electronically" a standard tax program performs basic computations on the tax data that has already been entered into the program; there is no manual entry of "said tax data collected electronically." Moreover, nothing in the '052 patent specification supports interpreting "processing electronically" to include manual entry of "said tax data." To the contrary, as discussed above, the specification and prosecution histories show that the automatic data entry of tax data collected electronically is part of the "collecting electronically" step.

Finally, Block's Claim 20 scenario demonstrates the fallacy of its overarching argument that the patent claims only read on "fully-automated" systems, with no manual intervention at all allowed after the user provides certain initial information. *See, e.g., id.* at 13. When commenting on its proposed scenario, Block recognizes that, as set forth in the specification, "a standard tax program like TurboTax" can perform the "*processing electronically*" step. *Id.* at 20; *see* Simplification Ex. A, '052 patent, at Col. 6:33-41. However, TurboTax was not a "fully automated" tax preparation program in 1997 when Simplification filed the initial application, and is not fully automated today. Any person of skill in the art, or even a casual user, knows that TurboTax walks its users step-by-step through its process and requires manual intervention and input at several points. *See id.* at Col. 6:33-41 (TurboTax and other then-current technology required manual input of tax data); *see also* Simplification Ex. I,

[4] Simplification's proposed construction of "processing electronically" also recognizes that the claimed processing is of tax data already entered into a standard tax preparation program.

Screen Captures from TurboTax 1996 Tax Year (Final Version). No method in which TurboTax could perform the "processing electronically" step (as Block concedes it can) can be "fully automated" as Block contends the claims require. Indeed, the patents-in-suit recognize and account for this issue by using the open-ended transitional term "comprising" before reciting the claimed steps of the invention.

2. Block Misinterprets Simplification's Statements During Oral Argument Before the BPAI.

Block also argues that Simplification conceded during the BPAI hearing that the term "electronically" means "automatically" in the patents-in-suit. *See* Block's Opening Brief, at 15-17. Once again, Block misunderstands these statements. When read *in context*, as the law requires, the cited statements by Simplification's counsel came in response to specific questions about the terms "connecting electronically" and "collecting electronically" as used in claims 1 and 10 of the '787 patent, which do not include "automatic tax reporting" in their preamble:

> "And there are two reasons that I said previously that the Beamer article does not teach [claims 1 and 10 of the '787 patent]. One is they're *connecting electronically*. And yes, we are saying electronically means that there's no manual input. You have to – we're saying *you need to read it in light of the specification*." Block Ex. F, Oral Hearing, at 29 (emphases added).

In response to further questioning on this issue, Simplification's counsel explained:

> In the context of the step which refers to – *that recitation of collecting electronically refers to step 12 of the patent*. And there it talks about, as I said before, the invention eliminates the current requirement that a taxpayer manually collect the tax data, and that the taxpayer – it eliminates the current requirement that the taxpayer manually enter the tax data onto the tax return or into the computer. And by *collecting electronically*, you're eliminating those requirements.

Id. at 29-30 (emphases added). As these passages show, Simplification was not discussing the word "electronically" in isolation; counsel did not purport to define that word by itself or to disavow any claim scope based on "electronically." Rather, these statements occurred in the context of the discussion of Step 12 [collecting electronically] as described in the patent specification, with a particular focus on claims 1 and 10 of the '787 patent.

In sum, Block attempts to twist the meaning of "electronically" beyond recognition by taking out of context a few statements made in an oral argument at the end of a three-year reexamination process, while largely ignoring many other statements and definitions in the foot-thick file histories, the specification, and the claims themselves. Yet the law will not permit it. *See Phillips*, 415 F.3d at 1312-17; *see also LSI Indus., Inc. v. Imagepoint, Inc.*, 2008 U.S. App. LEXIS 5892, *10 (Fed. Cir. Mar. 19, 2008) (unpublished) ("The plain language of the claims, however, does not require these limitations, and the presence of similar limitations in dependent claims strongly suggests that the independent claims should not be so limited. [The cited statements] are not sufficient to constitute a clear and unambiguous disavowal of claim scope.").

When the claim terms are properly construed in light of the entire record, the proper meanings of "electronically" itself and of "connecting electronically" or "collecting electronically" are those proposed by Simplification. This is particularly so because this Court must use a different approach to claim construction than that applied by the PTO during the initial prosecution and reexamination of these claims. When claims are before the PTO for examination, the agency must give them their "broadest possible meaning" consistent with the specification to test their validity. *See, e.g., In re Icon Health & Fitness, Inc.*, 496 F.3d 1374, 1379 (Fed. Cir. 2007). After issuance, however, the claims enjoy a presumption of validity, and

should be given "[t]he construction that stays true to the claim language and most naturally aligns with the patent's description of the invention [.]" *Phillips*, 415 F.3d at 1316. Block's proposed construction of "electronically" does not "naturally align" with either the claim language, the description in the specification, or the file histories, and would render the term "automatic" superfluous in the '052 patent claims. Therefore, that construction must fail, and the Court should give "electronically" its plain and ordinary meaning as urged by Simplification.

3. The Proper Construction of "Connecting Electronically."

Block's proposed definition of "connecting electronically," *i.e.*, "the act of establishing communication between computerized devices automatically without manual intervention from the user," is premised upon its proposed construction of "electronically" combined with certain dictionary definitions of "connecting." Simplification is not certain what Block intends by "the act of establishing communication between computerized devices," but the parties' greater disagreement concerns Block's proposed construction of "electronically."

However, Block's proposed dictionary definitions for "connecting" do not appear to come from sources dating to the relevant time – when the patent application was filed in 1997. *Id.* at 1313 (claim terms are given the meaning they would have to a person of ordinary skill in the art "at the time of the invention (*i.e.*, as of the effective filing date of the patent application)."); *ACTV, Inc. v. Walt Disney Co.*, 346 F.3d 1082, 1089 (Fed. Cir. 2003) (citation omitted) (describing the value of contemporaneous dictionaries); *see also Symantec Corp. v. Computer Assocs. Int'l, Inc.*, 2008 U.S. App. LEXIS 7826, *19-20 (Fed. Cir. Apr. 11, 2008) (defining meaning of claim term to person of ordinary skill in art based in part on computer dictionary from time of invention). Block provides no dates for many of its definitions, and some (like the Bluetooth Technology Glossary definition) could not have existed in 1997.

Further, both of Block's proposed dictionary definitions of "connecting" are somewhat circular – they use the term "connection." *See* Block's Opening Brief, at 22. Finally, Block's proposed definition limits the connection to one between "computerized devices," a term that Block does not explain and that is not used anywhere in the patent specification. For these reasons, the court should reject Block's proposed construction of "connecting."

Simplification's proposed definition, by contrast, comports with the description in the specification. The specification provides several "[n]on-limiting examples of electronic links used to connect electronically the electronic intermediary and the tax data providers includ[ing]: a general purpose computer electronically connected to telephone communication equipment using, for example, a modem or to an electronic data network, such as the Internet; or a computer-readable medium for transferring and receiving the tax data." Simplification Ex. A, '052 patent, at Col. 5:67–6:6. All of these examples of "electronic links" show physical or logical coupling by way of devices, circuits, or systems utilizing electron devices.

The second part of Block's proposed construction, "automatically without manual intervention from the user," is premised on Block's proposed construction of "electronically." For the reasons described above, Block's interpretation of the term "electronically" is overly narrow and inconsistent with the claim language, specification, and file histories. For example, Block argues that: "From the point at which the electronic intermediary connects to the tax data provider to the point that an electronic tax return is prepared, any manual entry by the user would be inconsistent with the specification." Block's Opening Brief, at 22.

As discussed above, however, this argument ignores the plain meaning of the claim terms, and especially the effect of the presence of the transitional phrase "comprising." Block also improperly attempts to minimize the specification's recognition that not all tax data

required for a completed tax return was or will be available electronically, as well as its description of alternative embodiments in which certain steps could be done manually. *See* Simplification Ex. A, '052 patent, at Cols. 1:27-38, 2:16-21; 8:8-13. The claims merely require that at least one piece of tax data be collected and processed automatically for use in an electronic tax return, not that no manual entry can ever occur. Indeed, Block acknowledges that its "proposed construction for 'electronically' contains a negative limitation, the 'without manual input' limitation." Block's Opening Brief, at 18. Block's resort to this negative definition is not mandated by anything in the patents or their file histories, but rather, is driven by Block's need to avoid the plain meaning of the claims.

Therefore, the court should reject Block's proposed definition of "connecting electronically" and adopt the plain meaning construction proposed by Simplification.

4. The Proper Construction of "Collecting Electronically."

The parties' proposed constructions for "collecting electronically" appear on the surface to be similar in part: they each combine gathering (or the act of gathering data) with the party's respective (disputed) construction of electronically. The issue, once again, turns on the parties' different understanding and application of those terms.

Curiously, when describing the "collecting electronically" step, Block states that: "Well past initiation of the system and method, any manual entry during the 'collecting electronically' step is inconsistent with the specification and Simplification's testimony." *Id.* at 23. First, the statements Block cites from the file histories are *not* "testimony," they are argument. Second, to the extent that Block asserts that the *claimed* "collecting electronically" step means that at least one piece of tax data must be collected without manual entry after initiation of the step, then Block's statement accords with the specification. Of course, this does

not mean that the claimed method requires that there be no manual entry of *any* tax data. *See supra* II.B.

The term "collecting electronically" must be understood in light of the description of the problem to be solved by the patents-in-suit and their inventive solution. As set forth in the specification: "Hence, with the *electronic collection of tax data* as in step 12, the invention eliminates the current requirement that a taxpayer manually collect *the tax data*, eliminates the current requirement that a taxpayer manually enter *such tax data* onto a tax return or into a computer, and eliminates the need for all, *or virtually all*, intermediate hard copies of tax data, thereby saving paper, time, and cost." Simplification Ex. A, '052 patent, at Col. 6:24-29 (emphases added). This description does not require, or even suggest, that the invention requires that *all* tax data must be collected without manual intervention. Block has not, and cannot, identify any statement in the patent specification or file histories that so limits the claims.

Therefore, the court should reject Block's proposed definition of "collecting electronically" and adopt the plain meaning construction proposed by Simplification.

5. The Proper Construction of "Processing Electronically."

The Court should reject Block's proposed definition of "processing electronically" as "the act of performing the appropriate computations (e.g., addition, subtraction, multiplication, and division) automatically without manual intervention from the user" because it is inconsistent with the specification's description of this step.

As Block recognizes, but misunderstands, the patent specification states:

> In step 13, the electronic intermediary processes the tax data obtained electronically from the tax data providers in step 12. In the present invention, step 13 can be implemented using a computer program similar to the computer programs currently available in the market place, such as TurboTax, which is a registered trademark of Intuit, Inc. *Although step 13 can be*

> *implemented with current technology*, the current technology requires that the tax data and other information relevant to the taxpayer be inputted manually. With the present invention, this information is obtained as described above in *steps 11 and 12*.

Id. at Col. 6:31-41 (emphases added). This language makes clear that the manner (automatically versus manually) in which the tax preparation software program obtains "said tax data" for processing is addressed by steps 11 and 12 (connecting and collecting electronically). Although Block's proposed definition conflates the two issues, the "processing electronically" step is separate and distinct from the electronic collection of tax data. Moreover, the specification expressly states that then-existing (*i.e.*, circa 1997) tax preparation software was capable of "processing [tax data] electronically" [Step 13]. *Id.*

It is indisputably true that the tax preparation software commercially available in 1997 processed tax data by walking a user step-by-step through a series of questions to determine what tax data was needed and the appropriate computations to make. *See* Simplification Ex. I, Screen Captures from TurboTax 1996 Tax Year (Final Version). Therefore, to the extent Block merely contends such software performed the requisite arithmetical computations for the user, Simplification agrees. To the extent Block contends that the user could make no manual input of any kind once the first piece of tax data was collected, its contention is inconsistent with the way such software actually operated – and therefore with the manner in which the patent specification expressly states that the claimed invention operates.

Block's proposed construction is also flawed because it seeks to limit this claim term to examples from the specification specifically denoted as "non-limiting examples." Simplification Ex. A, '052 patent, Col. 6:42-47; *see also Phillips*, 415 F.3d at 1323 (warning against importing limitations from preferred embodiments). Simplification's proposed construction, by contrast, comports with both the specification and the plain meaning of the term.

See, e.g., Simplification Ex. D, IEEE Standard Dictionary of Electrical and Electronics Terms, at 255 (defining "data processing" as "The systematic performance of operations upon data, such as data manipulation, merging, sorting, and computing."), 822 (citing to "data processing" for definition of "processing").

Therefore, the court should reject Block's proposed definition of "processing electronically" and adopt the plain meaning construction proposed by Simplification.

6. The Proper Construction of "Preparing Electronically."

The parties' proposed constructions of "preparing electronically" differ largely in the meaning of the term "electronically." It is unclear whether the parties' competing definitions of "preparing" as "preparing" or "the act of completing" reflect a substantive difference. However, as discussed below, Simplification and Block disagree as to the meaning of "tax return." *See infra* II.E.

As with the previous claims involving the term "electronically," Simplification disagrees with Block's proposed importation of "automatically without manual input from the user" into this term for the reasons discussed above. In addition, as previously noted, Block's reliance on the discussion of the meaning of "electronically" during the oral argument before the BPAI is misplaced because that discussion centered on the meaning of the connecting and collecting electronically steps, which Simplification described in accordance with the patent specification. *See supra* II.C.2. Moreover, the patent specification states: "In step 14, the electronic intermediary *prepares electronic tax returns* using the processed tax data from step 13. Similar to step 13, step 14 can be implemented *using current technology*." Simplification Ex. A, '052 patent, at Col. 6:53-56. Thus, the patent specification leaves no doubt that the claimed "preparing electronically" step could be performed using circa 1997 tax preparation software.

The tax preparation software available in 1997 could "complete" a "tax return" up to the point of signature. *See, e.g.,* Simplification Ex. I, Screen Captures from TurboTax 1996 Tax Year (Final Version). However, most taxing authorities at that time (including the IRS) required the taxpayer to print, sign and submit an original signature even when e-filing. *See, e.g.,* Simplification Ex. A, '052 patent, Col. 2:45-48. When e-filing federal tax returns in 1997, the taxpayer also had to complete, sign and submit IRS Form 8453-OL, and the IRS did not consider the tax return to be complete until it received that signed form. *See, e.g.,* Simplification Ex. I, Screen Captures from TurboTax 1996 Tax Year (Final Version). To the extent Block's proposed definition requires "preparation" or "completion" of the tax return beyond what could occur in 1997, Block's definition is incorrect and at odds with the patent specification.

Therefore, the court should reject Block's proposed definition of "preparing electronically" and adopt the plain meaning construction proposed by Simplification.

7. The Proper Construction of "Filing Electronically."

The Court should reject Block's proposed construction of "filing electronically" as "the act of entering a legal document into the public record by means of a computer automatically without manual intervention from the user" because it suffers from several serious flaws – including, of course, its use of Block's proposed definition for "electronically."

First, the claim language specifies that an "electronic tax return" is filed with a "taxing authority." *See, e.g.*, Simplification Ex. A, '052 patent, at Col. 8:31-32. As every taxpayer knows, a tax return is a confidential document not part of the "public record." *See* 26 U.S.C. § 6033, n.1 (Internal Revenue Code). Thus, "filing electronically" cannot include "entering a legal document into the public record." Simplification is also not certain what Block

means by "a legal document," particularly in light of Block's insistence that "preparing electronically" requires the preparation of a "tax return." *See* Block's Opening Brief, at 26.

The specification describes filing electronically as follows: "[i]n step 15, the electronic intermediary electronically files the electronic tax returns prepared in step 14 with the taxing authorities." Simplification Ex. A, '052 patent, at Col. 6:62-64. As noted in the background of the invention, the "computation of income tax liability is generally a routine matter of collecting the relevant data, processing it, reflecting the data and ultimate calculations on the proper form or forms, and transmitting or otherwise sending the forms to the relevant taxing authorities." *Id.* at Col. 1:58-63. Moreover, the patent specification acknowledges that electronic filing of tax returns was known at the time of invention. *See id.* at Cols. 1:65–2:6 (noting "in 1997, thirteen million returns were filed electronically"); 2:49-58 (noting "tax returns may be filed electronically").

At a minimum, electronic filing required in 1997 (and still requires) manual intervention to enter certain relevant data regarding the taxpayer and/or preparer, and/or to initiate the filing step separate and apart from the preparation of the return. *See, e.g.*, Simplification Ex. I, Screen Captures from TurboTax 1996 Tax Year (Final Version). Simplification's proposed construction accepts and reflects this reality. To the extent Block's proposed definition of "filing electronically" requires actions impossible in 1997, or precludes the practice of the 1997 technology cited in the specification, Block's definition is incorrect and at odds with the patent specification.

Therefore, the court should reject Block's proposed definition of "filing electronically" and adopt the plain meaning construction proposed by Simplification.

D. The Proper Construction of the Means Plus Function Claims.

The means plus function claim limitations at issue in both the '052 and '787 patent claims parallel the claim limitations discussed immediately above in a different format – "means for connecting electronically," "means for collecting electronically," "means for processing electronically," "means for preparing electronically," and "means for filing electronically." Therefore, Simplification hereby incorporates by reference the preceding discussion of these claim terms as its position regarding the function of the parallel means-plus-function limitations. The other dispute between the parties on those claims is whether the patent specification discloses sufficient structure to support the means-plus-function limitations; the following sections focus on that related structure.

1. The Proper Construction of "Means for Connecting Electronically."

For the reasons set forth above, the Court should reject Block's proposed function for "means for connecting electronically," *i.e.*, "establishing communication between computerized devices automatically without manual intervention from the user." *See supra* II.C.3 (discussing "*connecting electronically*").

Block's sole argument concerning the related structure for the claimed "means for connecting electronically" is that:

> Block contends that the specification does not disclose sufficient structure to perform the recited function. However, to the extent the Court believes structure is sufficiently described, Defendant submits that the only structure disclosed is a general purpose computer programmed with undisclosed software connected by electronic links 32-37 to tax data providers. *See* Col. 5, l. 50-Col., 6, l. 6; *see also*, Fig. 2.

Block's Opening Brief, at 31-32. Block's bare assertion that the patent fails to disclose sufficient structure to support this claim limitation is insufficient to properly raise the issue, especially in

light of the ease with which Block identified structure supporting this claim limitation. Furthermore, Block's proposed structure is essentially identical to Simplification's proposal – "a data processing system comprising a general purpose computer programmed with code segments to operate the general-purpose computer, causing it to establish a physical or logical coupling via an electronic link." The patent specification taken as a whole provides more than sufficient description of this structure for "connecting electronically." *See* Simplification's Opening Brief, at 25 (citing Simplification Ex. A, '052 patent, Figs. 1 & 2 (electronic links 32-37), Cols. 3:35-39, 4:28-50, 5:18-20, 5:50–6:6, 6:64-66); *see also* Simplification Ex. A, '052 patent, at Cols. 3:51–4:11, Claim 19.

Tellingly, Block does not even argue that the alleged lack of structure for the claimed "means for connecting electronically" parallels the facts of *Aristocrat Techs. Austl. Pty Ltd. v. International Game Tech.*, 521 F.3d 1328 (Fed. Cir. 2008), as it does for some of the other means plus function limitations. Block's implicit concession of that argument is proper given Block's identification of the structure present to support this claim term. The Court should reject, however, Block's unsupported assertion that the disclosed structure is still insufficient, and adopt the claim construction proposed by Simplification for the reasons set forth above.

2. The Proper Construction of "Means for Collecting Electronically."

For the reasons set forth above, the Court should reject Block's proposed function for "means for collecting electronically," *i.e.*, "gathering data automatically without manual intervention from the user." *See supra* II.C.4 (discussing "*collecting electronically*").

Block's sole argument concerning the related structure for the claimed "means for collecting electronically" is that:

> Block contends that the specification does not disclose sufficient structure to perform the recited function. However, to the extent the Court believes structure is sufficiently described, Block submits that the only structure disclosed is a general purpose computer programmed with undisclosed software connected by electronic links 32-37 to tax data providers. *See* Col. 5, l. 50-Col., 6, 1. 6; *see also*, Fig. 2.

Block's Opening Brief, at 32. As with Block's discussion of "connecting electronically," Block's bare assertion that the patent fails to disclose sufficient structure to support this claim limitation is insufficient to properly raise the issue, especially in light of the ease with which Block identified structure supporting this claim limitation. Furthermore, Block's proposed structure is essentially identical to Simplification's proposal – "a data processing system comprising a general purpose computer programmed with code segments to operate the general-purpose computer, causing it to gather tax data via an electronic link." The patent specification taken as a whole provides more than sufficient description of this structure. *See* Simplification's Opening Brief, at 26 (citing Simplification Ex. A, '052 patent, Figs. 1 & 2 (electronic links 32-37), Cols. 3:35-39, 4:28-50, 5:18-20, 5:50–6:6, 6:64-66); *see also* Simplification Ex. A, '052 patent, Cols. 3:51–4:11, Claim 19.

Once again, Block does not even argue that the alleged lack of structure for the claimed "means for collecting electronically" parallels the facts of *Aristocrat Technologies*. Block's implicit concession of that argument is proper given its identification of the structure present to support this claim term. The Court should reject, however, Block's unsupported assertion that the disclosed structure is still insufficient, and adopt the claim construction proposed by Simplification for the reasons set forth above.

3. The Proper Construction of "Means for Processing Electronically."

For the reasons set forth above, the Court should reject Block's proposed function for "means for processing electronically," *i.e.*, "performing the appropriate computations (e.g., addition, subtraction, multiplication, and division) automatically without manual intervention from the user." *See supra* II.C.5 (discussing "*processing electronically*").

Block's sole argument concerning the related structure for the claimed "means for processing electronically" is that:

> Block contends that the specification does not disclose sufficient structure to perform the recited function. Reference to a general purpose computer with special programming is insufficient to meet the requirements of Section 112¶6. *See Aristocrat Techs.*, 521 F.3d at 1333-34. However, to the extent the Court believes structure is sufficiently described, Block submits that the only structure disclosed is a general purpose computer programmed with undisclosed software. *See* Col. 6., ll. 33-39; *see also*, Fig. 2.

Block's Opening Brief, at 32-33. Here, at least, Block attempts to rely upon *Aristocrat Technologies* to support its argument, but that reliance is misplaced.

When a patentee claims his invention in a means plus function format, "[t]he law is clear that patent documents need not include subject matter that is known in the field of the invention and is in the prior art, for patents are written for persons experienced in the field of the invention. To hold otherwise would require every patent document to include a technical treatise for the unskilled reader." *S3, Inc. v. nVIDIA Corp.*, 259 F.3d 1364, 1370-71 (Fed. Cir. 2001) (finding sufficient structure for the means plus function claim "means . . . for selectively receiving" where the specification referred to a "selector" but did not describe the electronic structure of the selector or the details of its electronic operation, because "a selector is a standard electronic component whose structure is well known in this art"). In other words, "the Federal

Circuit has held that a structure included in a specification need not be described in detail to show that it performs the claimed function when that structure is well known in the art." *Radio Sys. Corp. v. Tri-Tronics*, 2007 U.S. Dist. LEXIS 17315, *11 (E.D. Tenn. Mar. 9, 2007) (citing *S3, Inc.*, 259 F.3d at 1371).

Furthermore, a specific reference to a commercially available product as an example for the corresponding structure is sufficient to overcome a claim of indefiniteness. *Id.* at *11-12 (denying motion for summary judgment where patent disclosed in its specification "circuitry contained in the assignee's commercially marketing Model A170 system" as the structure that produces the starting and stopping signals claimed in the claims); *see also Budde v. Harley-Davidson, Inc.*, 250 F.3d 1369, 1381-1382 (Fed. Cir. 2001) (specification disclosed "vacuum sensors are commercially available units which produce analog signals for the control unit," so the phrase "commercially available units" particularly and distinctly pointed out to those skilled in the art the vacuum sensors claimed).

Here, the patent specification expressly states that: "In the present invention, step 13 [processing electronically] can be implemented using a computer program similar to the computer programs currently available in the market place, such as TurboTax, which is a registered trademark of Intuit, Inc." Simplification Ex. A, '052 patent, at Col. 6:32-35. Under the law, this specific citation to a particular known computer software program that can perform the claimed "processing electronically" function satisfies the description requirement for the structure of this claim limitation. Indeed, this reference enables even one not skilled in the art to know what structure can perform the recited function.

Once again, Block's proposed structure is similar to Simplification's proposal – "a data processing system comprising a general purpose computer programmed with code

segments to operate the general-purpose computer, causing it to perform said systematic operations." The patent specification taken as a whole provides more than sufficient description of this structure. *See* Simplification's Opening Brief, at 27-28 (citing Simplification Ex. A, '052 patent, at Fig. 1 (block 13), Cols. 3:35-39, 4:28-33, 6:30-52); *see also* Simplification Ex. A, '052 patent, Cols. 3:51–4:11, Claim 19.

In light of the structure disclosed in the patent specification for "processing electronically," and the Federal Circuit's recognition that a detailed description of structure is not required where that structure is known in the art, the Court should reject Block's arguments and proposed construction, and adopt Simplification's construction for the reasons set forth above.

4. The Proper Construction of "Means for Preparing Electronically."

For the reasons set forth above, the Court should reject Block's proposed function for "means for preparing electronically," *i.e.*, "completing automatically without manual intervention from the user." *See supra* II.C.6 (discussing "*preparing electronically*").

Block's sole argument concerning the related structure for the claimed "means for preparing electronically" is that:

> Block contends that the specification does not disclose sufficient structure to perform the recited function. Reference to a general purpose computer with special programming is insufficient to meet the requirements of Section 112¶6. *See Aristocrat Techs.*, 521 F.3d at 1333-34. However, to the extent the Court believes structure is sufficiently described, Block submits that the only structure disclosed is a general purpose computer programmed with undisclosed software. *See* Col. 6., ll. 53-56; *see also*, Fig. 2.

Block's Opening Brief, at 33. Here again, Block's reliance on *Aristocrat Technologies* is misplaced for the same reasons as it was for "processing electronically." *See, e.g., S3, Inc.*, 259

F.3d at 1370-71; *Budde*, 250 F.3d at 1381-1382; *Radio Sys. Corp.*, 2007 U.S. Dist. LEXIS 17315, at *11-12.

As with the "processing electronically" limitation, the patent specification expressly states that the "preparing electronically" limitation "can be implemented using current technology." Simplification Ex. A, '052 patent, at Col. 6:55-56. From the specification's description, it is clear that the same tax preparation software used to process electronically in step 13 can be used to prepare electronically in step 14. *Id.* at Col. 6:31-61; *see also id.* at Col. 1:40-43 ("Several computer programs are available for individual taxpayers to compute their federal income tax liability and generate completed tax returns (such as TurboTax, which is a registered trademark of Intuit, Inc.)."). This specific reference to a commercially available product as an example for the corresponding structure properly supports that claim limitation.

Further, Block's proposed structure is similar to Simplification's proposal – "a data processing system comprising a general purpose computer programmed with code segments to operate the general-purpose computer and to prepare an electronic tax return." The patent specification as a whole provides more than sufficient description of this structure. *See* Simplification's Opening Brief, at 28-29 (citing Simplification Ex. A, '052 patent, at Fig. 1 (block 14), Cols. 3:35-65, 4:28-33, 6:53-61); *see also* Simplification Ex. A, '052 patent, at Cols. 3:51–4:11, Claim 19.

In light of the structure disclosed in the patent specification for "preparing electronically," and the Federal Circuit's recognition that a detailed description of structure is not required where that structure is known in the art, the Court should reject Block's arguments and proposed construction, and adopt Simplification's construction for the reasons set forth above.

5. The Proper Construction of "Means for Filing Electronically."

Block's proposed constructions for the "filing electronically" and "means for filing electronically" limitations inexplicably differ. *Compare* Block's Opening Brief, at 28 (filing electronically is "the act of entering a legal document into the public record by means of a computer automatically without manual intervention from the user") *with id.* at 34 (means for filing electronically has the function of "entering an electronic tax return with said taxing authority by means of a computer automatically without manual intervention from the user"). Nonetheless, for the reasons set forth above, the Court should reject the second portion of Block's proposed function – "by means of a computer automatically without manual intervention." *See supra* II.C.7 (discussing "*filing electronically*").[5]

Block's sole argument concerning the related structure for the claimed "means for preparing electronically" is that:

> Block contends that the specification does not disclose sufficient structure to perform the recited function. However, to the extent the Court believes structure is sufficiently described, Block submits that the only structure disclosed is a general purpose computer programmed with undisclosed software connected to a taxing authority by electronic link 37. *See* Col. 6, l. 63 - Col., 7, 1. 1; *see also*, Fig. 2.

Block's Opening Brief, at 34. As with Block's discussion of "connecting electronically," its bare assertion that the patent fails to disclose sufficient structure to support this "filing electronically" claim limitation is insufficient to properly raise the issue, especially in light of the ease with

[5] Simplification cannot tell whether the first portion of Block's proposed function ("entering an electronic tax return with said taxing authority") differs meaningfully from the corresponding portion of Simplification's proposal – "submitting or transmitting to a taxing authority." Simplification requests permission to further brief this issue if necessary.

which Block identified structure supporting the limitation. Further, Simplification notes that Block's proposed structure is essentially identical to Simplification's proposal – "a data processing system comprising a general purpose computer programmed with code segments to operate the general-purpose computer, causing it to submit said electronic tax return to the taxing authority via an electronic link." The patent specification as a whole provides more than sufficient description of this structure. *See* Simplification's Opening Brief, at 29-30 (citing Simplification Ex. A, '052 patent, at Figs. 1 (block 15) & Fig. 2 (electronic link 37), Cols. 3:35-39, 4:28-33, 6:62–7:2); *see also* Simplification Ex. A, '052 patent, at Cols. 3:51–4:11, Claim 19.

Once again, Block does not even argue that the alleged lack of structure for the claimed "means for filing electronically" parallels the facts of *Aristocrat Technologies*. Block's implicit concession of that argument is proper given its identification of the structure present to support this claim term. The Court should reject, however, Block's unsupported assertion that the disclosed structure is still insufficient, and adopt the claim construction proposed by Simplification for the reasons set forth above.

E. The Proper Construction of "Electronic Tax Return."

Contrary to Block's argument, its proposed definition of "electronic tax return" as "a completed computerized tax return ready for submission to a governmental tax agency" is not supported by the '052 patent specification or file history. The core dispute between the parties stems from Block's requirement that the electronic tax return be a *completed* tax return, although Block provides no support for its use of "computerized tax return."

As the language and structure of the claims indicates, the claimed electronic tax return is filed with a taxing authority. *See id.* at Col. 8:27-32. As explained by the specification, "[i]n practicing the invention, the electronic tax returns are prepared with respect to the particular

taxing authorities. For example, if the taxing authority is the IRS, the electronic tax return will correspond to the appropriate federal tax return, such as the Form 1040 or the Form 1040EZ." *Id.* at Col. 6:54-61. Such electronic tax returns are then submitted or transmitted electronically to the taxing authority. *See id.* at Col. 6:62–7:1.

Importantly, the specification notes that when Simplification filed the initial patent application, the IRS permitted and some taxpayers used electronic filing of tax returns. *See id.* at Cols. 1:64–2:6, 2:49-58. The specification further notes that the step of "preparing electronically" an electronic tax return could be done by circa 1997 tax preparation software. *See id.* at Col. 6:53-56. As set forth in the discussion of "preparing electronically" above, the "electronic tax return" limitation cannot require that those electronic returns be "completed" in a manner beyond the capabilities of such 1997 software.

Therefore, the Court should reject Block's proposed construction of "electronic tax return," and adopt Simplification's proposed construction for the reasons set forth above.

III. CONCLUSION

WHEREFORE, for all of the reasons stated above and in Simplification's Opening *Markman* brief, Simplification respectfully submits that this Court should adopt its proposed constructions of the disputed terms of the claims of the '052 and '787 patents.

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May 27, 2008
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CERTIFICATE OF SERVICE

I hereby certify that on May 27, 2008, I caused the foregoing to be electronically filed with the Clerk of the Court using CM/ECF which will send electronic notification of such filing to the following:

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Additionally, I hereby certify that true and correct copies of the foregoing were caused to be served on May 27, 2008 upon the following individuals in the manner indicated:

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